



Consolidated Results

1st Half 2018

Unaudited financial information

Investor Relations Office

Date – 27/07/2018



Agenda

- 1 Highlights
- 2 Results
- 3 Balance Sheet
- 4 Asset Quality
- 5 Liquidity
- 6 Capital



Highlights

CGD concludes Recapitalization Plan and advances in the Strategic Plan implementation

Recapitalization Plan concluded (4,944 M€) with Tier 2 issuance in June 2018

Net income reaches 194 M € (-50 M € in June 2017), resulting in a ROE⁽¹⁾ of 5.7%
Core Income (Margin + Commissions) at CGD Portugal up 8%

Core operating income ⁽²⁾ increases 30% over 1st half 2017, benefiting from the rise of net interest margin in Portugal and commissions, together with lower operating costs

Continued improvement in asset quality, with NPL ratio reduction (10.5%, -3.0 pp vs. 1H2017) and reinforced coverage

Capital ratios denote CGD's strong capital position

CGD advances in Digital Banking, with 2 million of active customers, representing 46% of total market share of domestic Internet Banking users ⁽³⁾

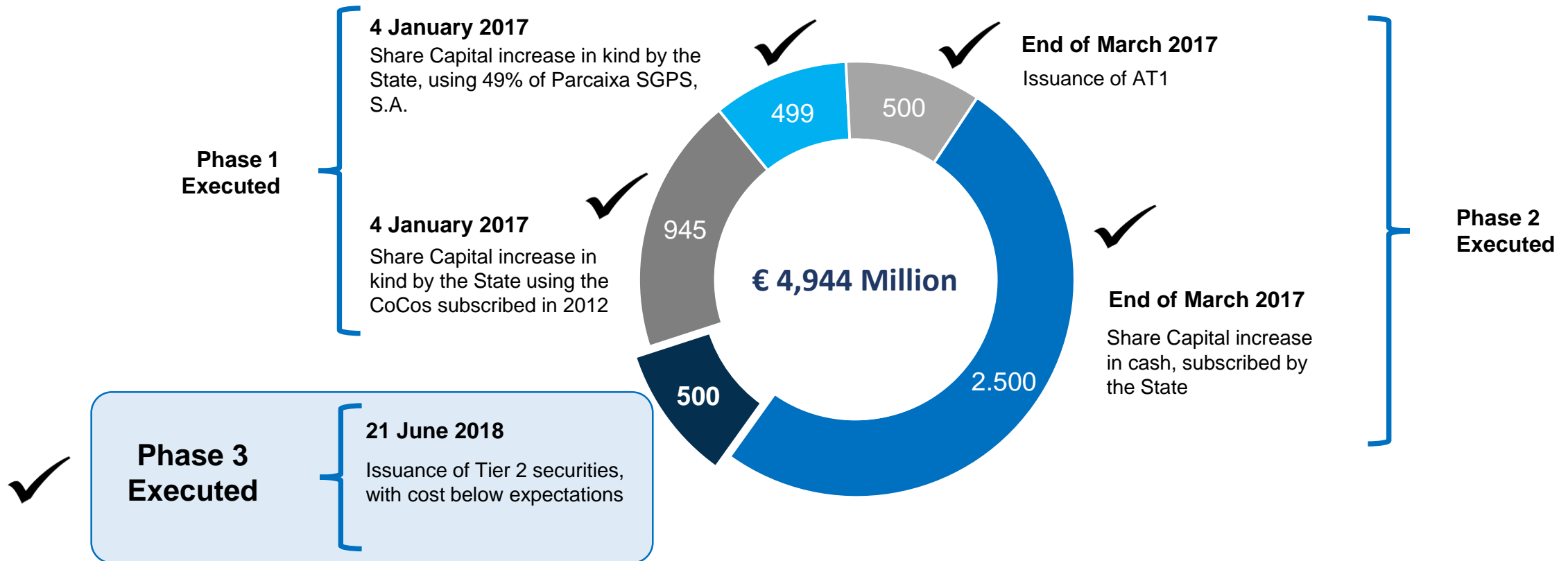
(1) Current activity ROE = (net income + non-recurring costs + non-controlling interests) / Shareholders' equity (average of 13 monthly observations); Annualized value.

(2) Core operating income = Interest margin + Net Commissions - Current operating costs.

(3) According to the results of the Basef Internet Banking study (average of 2017) conducted by Marktest company.

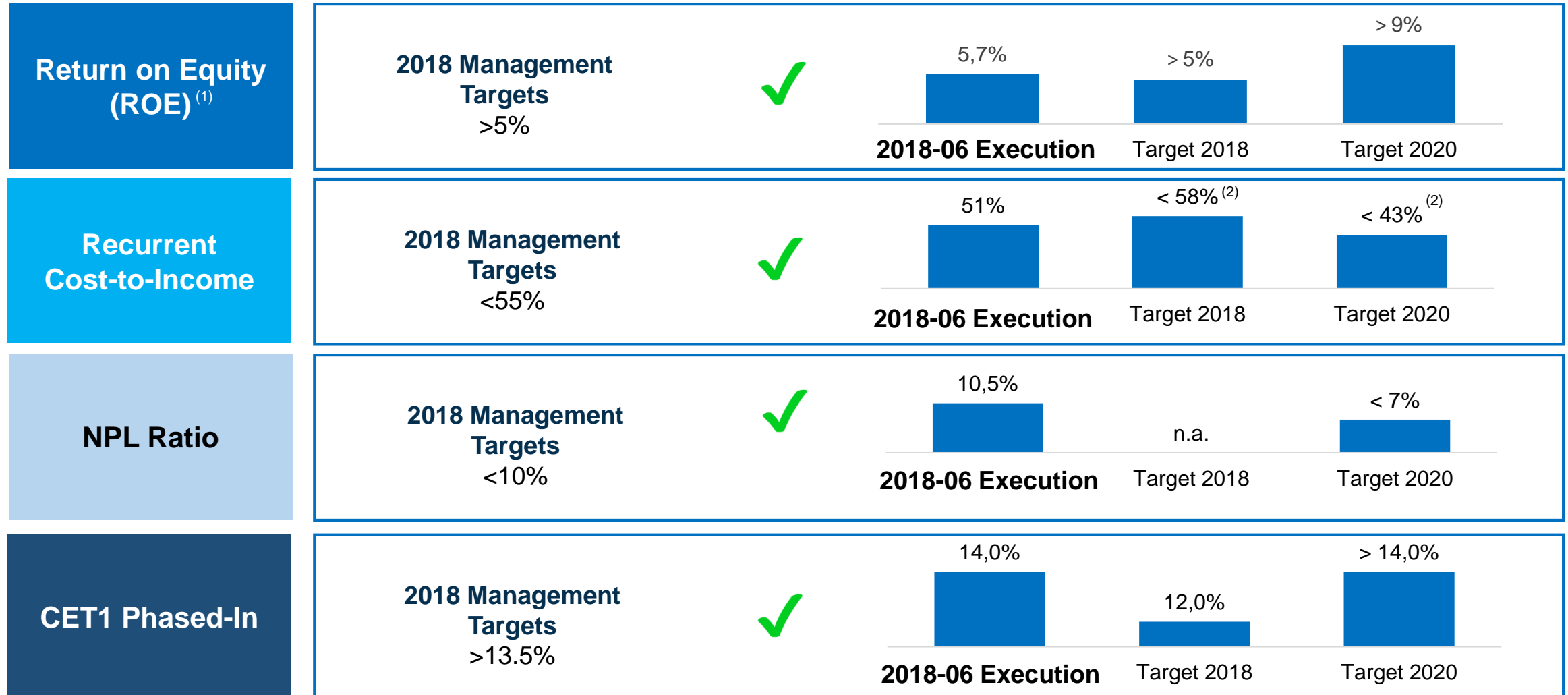
Recapitalization Plan concluded with Tier 2 issuance in June 2018

M€

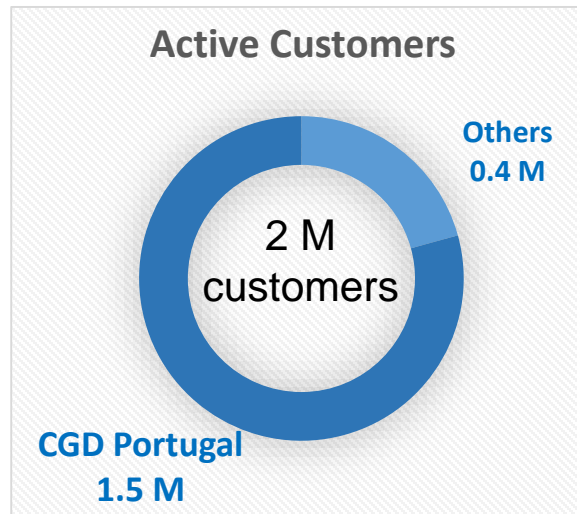


Strategic Plan - CGD on the right track to 2020

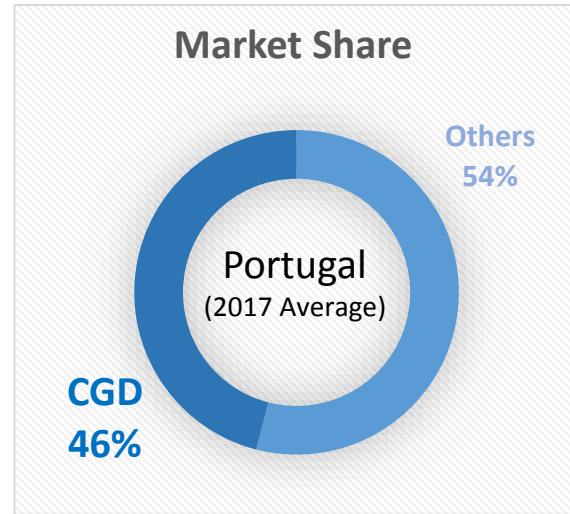
Strategic Plan Targets



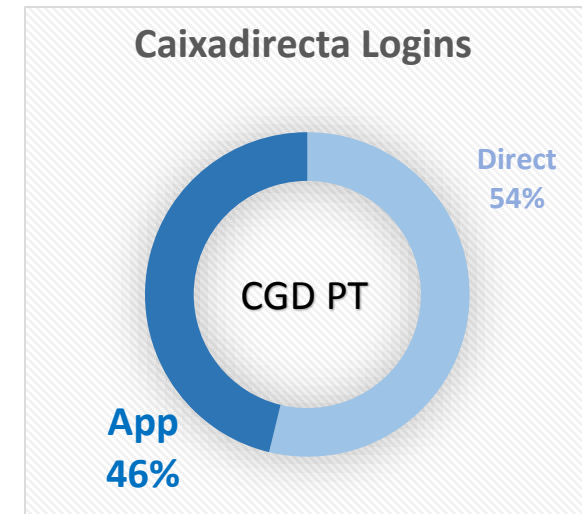
Digital Banking: Building the Future CGD



+ 130,000 customers vs. Jun. 17



Leader with more than twice the number of users of 2nd placed bank*



Adaptation to customer needs: increasing use of the App

120 features



Sustainable and always available



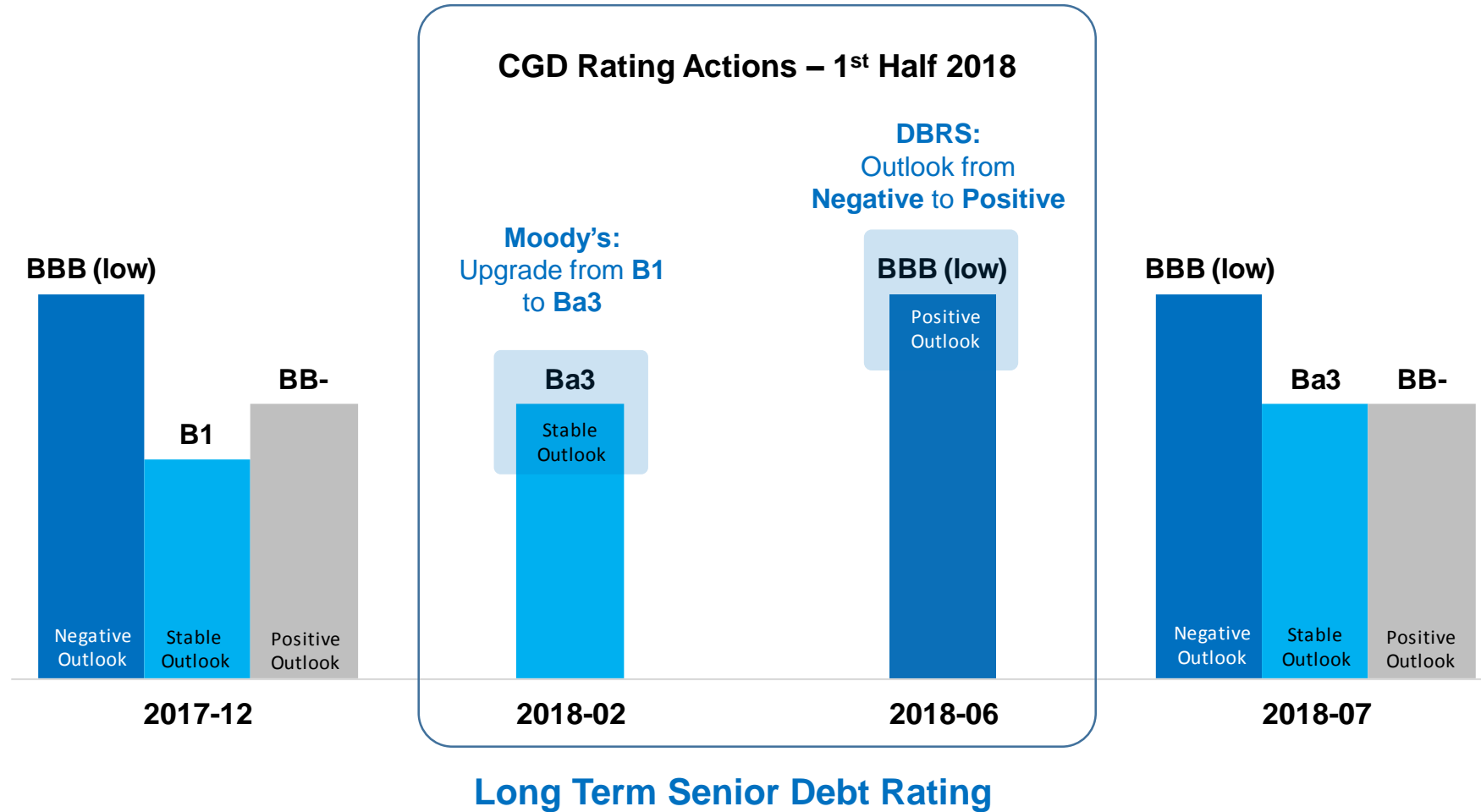
Simple and fast



* According to Basef Internet Banking study (2017 average) conducted by Marktest.

Agencies start to review CGD's rating...

- DBRS
- Moody's
- FitchRatings



Relevant Events

CGD Clients



- +80 thousand customers with a dedicated Caixa Azul relationship manager and launch of Caixa Platinum service model targeting upper affluent clients;
- CGD Portugal's total active clients reaches 3.8 million in June 2018, including 26,000 new clients on the first half;
- Suitability of the service to the client profile with over 230 thousand customers with a remote relational management;
- Leadership in main retail segments with emphasis on university students with 56% market share;
- Launch of the second *Mobile Agency* in the first half 2018 extending its coverage to a total of 33 locations.

Investment Banking and Credit



- Caixa BI: "*Best Investment Bank in Portugal*" by Global Finance and EMEA Finance;
- CGD: 1st place in Portugal in the Top 1000 World Banks 2018 ranking (154th worldwide) by The Banker.

Caixa Account and Customer Relationship



- Jun 2018: > 1,350,000 accounts (+410 thousand since December 2017);
- 11% increase YoY in revenue from Multicare health insurance;
- Increased levels of relationship with customers, mainly through investment solutions – Funds and Financial Insurance – Non-financial insurance and cards.

"Fora da Caixa" Conferences



- After 10 conferences in 2017, 7 events were held in the 1st half of 2018: Castelo Branco, Aveiro, Lisboa, Évora, Porto, Beja and Setúbal;
- Topics covering Technology, Innovation, Real estate, Tourism and Culture;
- More than 4,000 CGD customers involved.

Relevant Events

Individuals and Families



- Strong growth in new financing for individuals and families based on optimization of the sales process and improved customer service;
- Partnership for mortgage loans with over 1,600 real estate agents of which around 300 are new protocols;
- Launch of “Caixa Casa Eficiente” promoting energy efficiency and the use of renewable energy in residential buildings.

Commercial practice



- Improved planning and frequency in client contacts based on a new sales practice aligned with commercial budget with initiatives focused on products and strategic services.

Corporate business



- Caixa offers a wide range of medium and long-term financial solutions to support SME investment: EIB, EIF, IFD, PME Investimento, Turismo Portugal and SPGM;
- Close of the first €150 million tranche of the EIB Credit Line with an additional of €150 million tranche available;
- Significant role in the placement of State protocol lines particularly on the “Linha Capitalizar”;
- “Caixa Invest Inovação” promoting the development of innovating projects;
- Launch of recognition program “Caixa TOP”.

Mutual Funds Market Leader



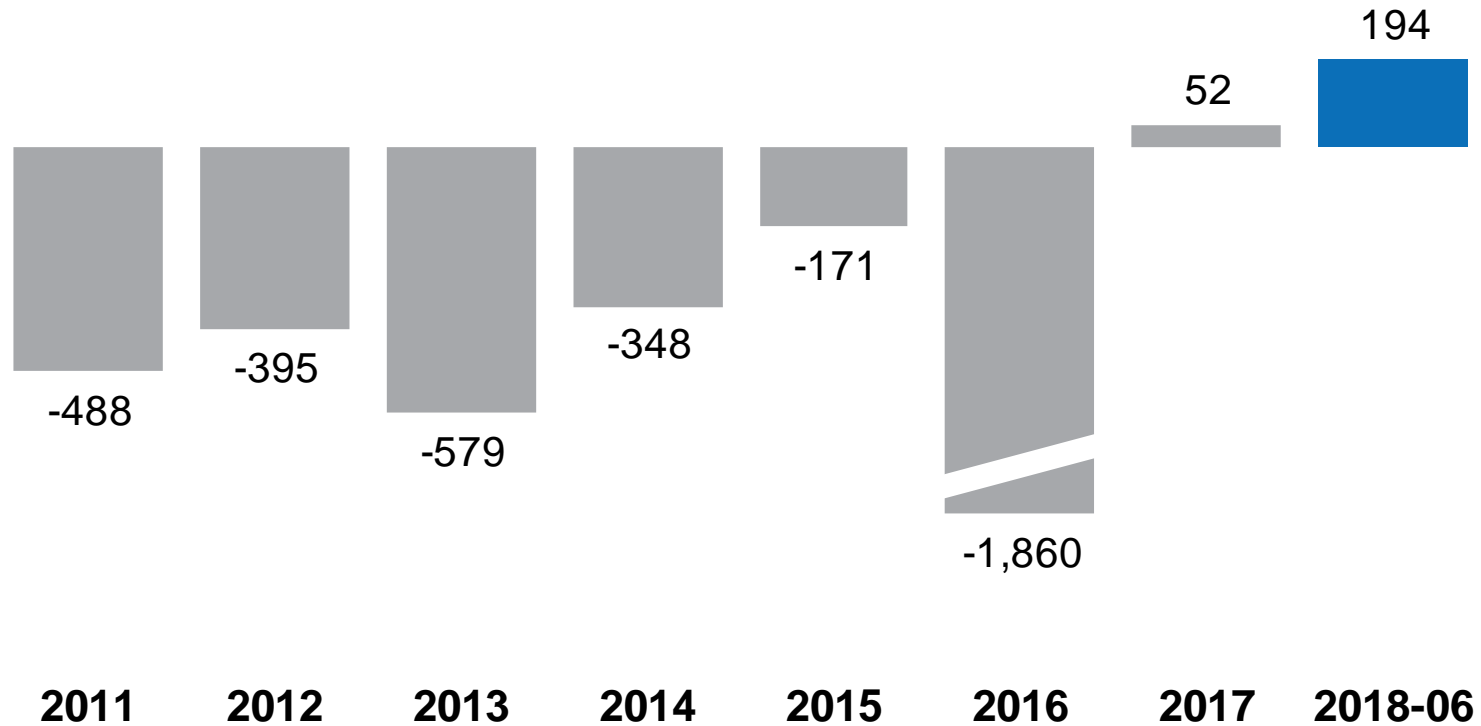
- 33% market share (Jun 2018);
- Caixagest: Best domestic fund house and fixed income multi asset, by Morningstar.



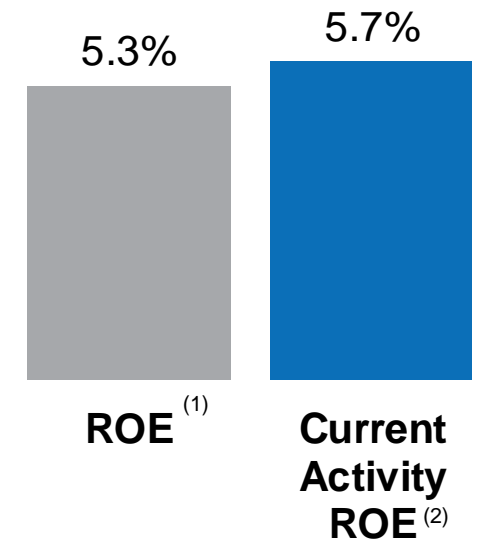
Results

1st half of 2018 confirms progress of CGD's profitability...

M€



Consolidated Net Income

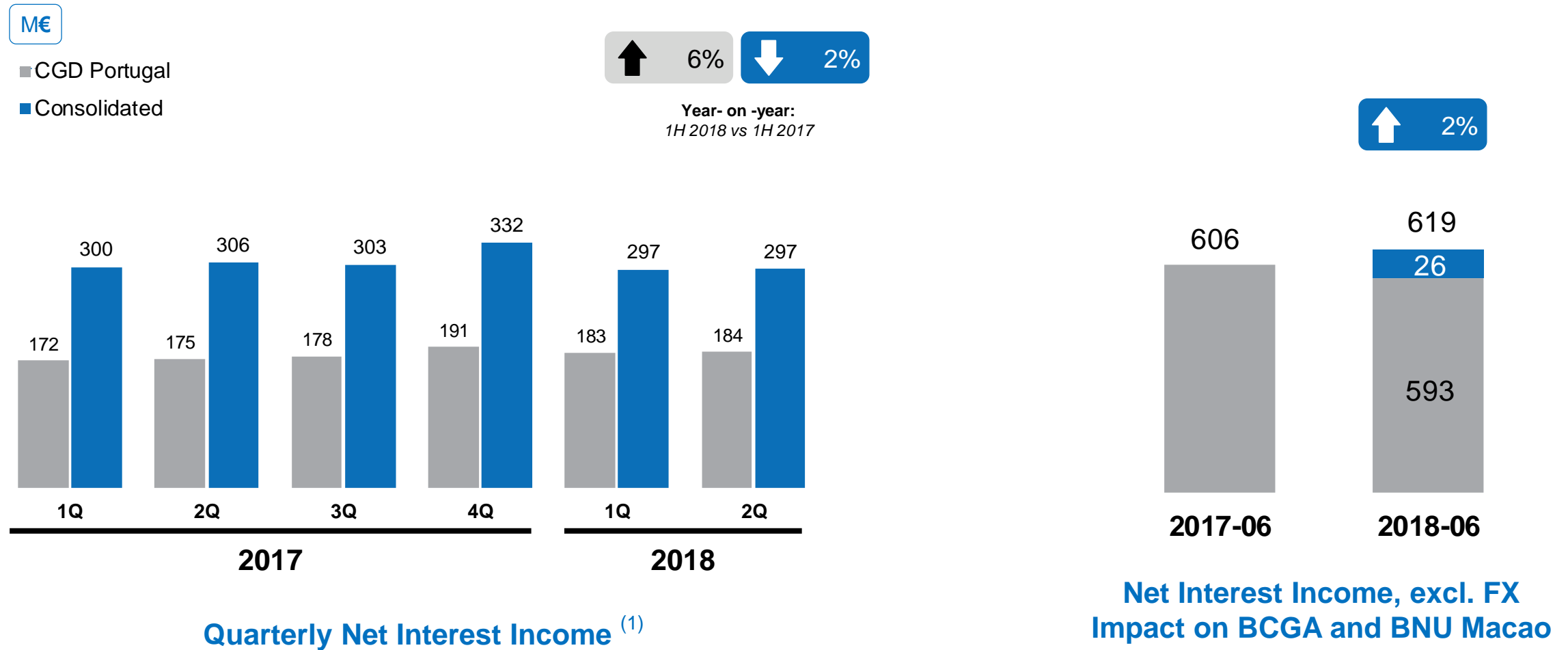


2018-06

(1) ROE = (net income + non-controlling interests) / Shareholders' equity (average of 13 monthly observations); Annualized value

(2) Current activity ROE = (net income + non-recurring costs + non-controlling interests) / Shareholders' equity (average of 13 monthly observations); Annualized value

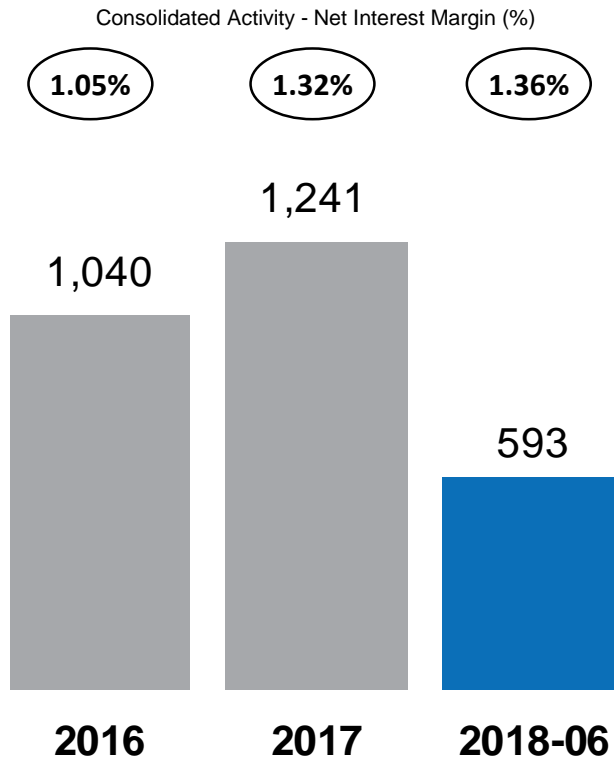
Net Interest Income with positive evolution in Portugal, despite interest rate environment...



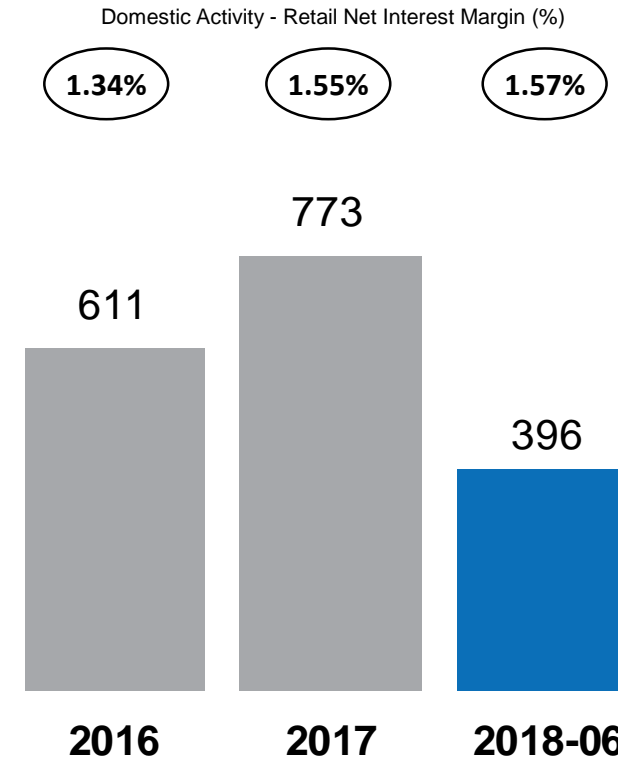
(1) Consolidated figures on comparable basis, considering BCG Espanha, BCG Brasil and CGD Investimentos CVC as a non-current asset held for sale. Mercantile Bank Holdings was already reclassified as such.

Net Interest Margin improving...

M€

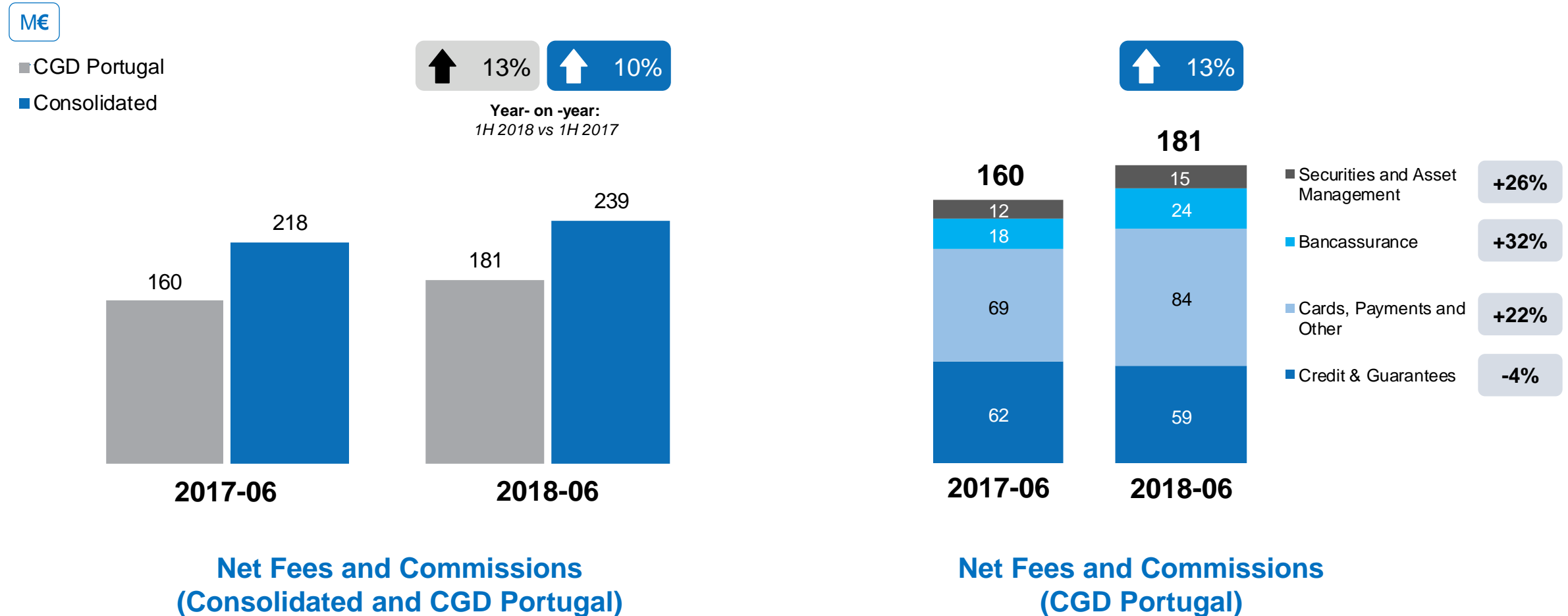


**Total Net Interest Income
Consolidated Activity**



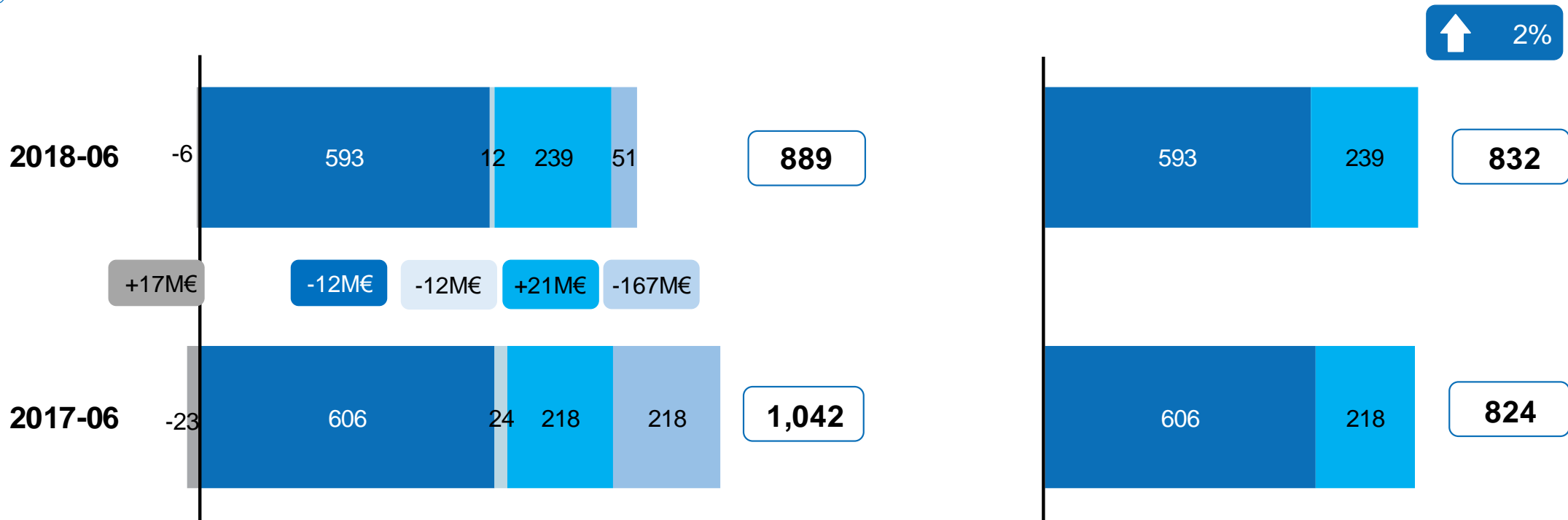
**Total Net Interest Income
Domestic Activity**

...and Net Fees and Commissions benefit from the Strategic Plan implementation



Total Operating Income influenced by Net Trading Income, Core Operating Income improved...

M€



Total Operating Income

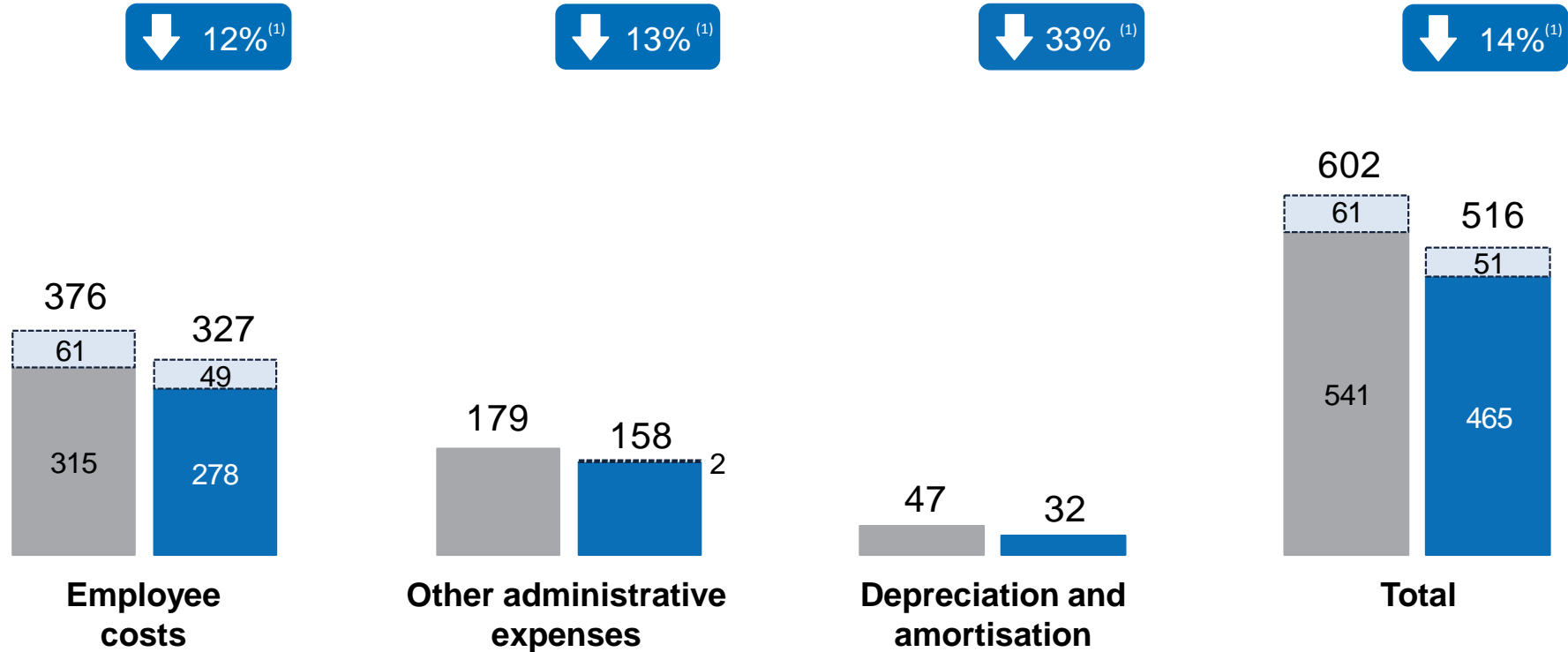
Total Core Operating Income

- Net fees and commissions
- Net interest income
- Net trading income
- Other Operating Income
- Income from equity instruments

Lower recurrent Operating Costs at consolidated level...

M€

- 2017-06
- 2018-06
- Non recurrent costs



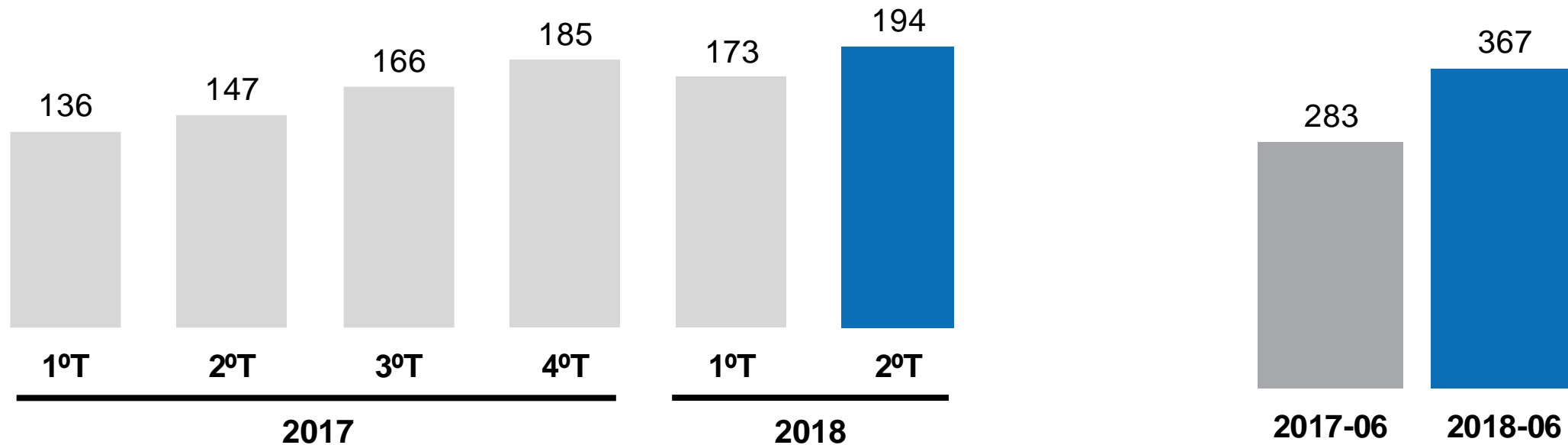
Operating Costs – Consolidated Activity

(1) Excluding non-recurrent costs.

...and Net Core Operating Income before Impairments with Y-o-Y favourable evolution

M€

↑ 30%



Quarterly Net Core Operating Income before Impairments (Current Activity) ⁽¹⁾ ⁽²⁾ ⁽³⁾

(1) Net Core Operating Income before Impairments = Net Interest Income + Net Fees and Commissions - Operating Costs;

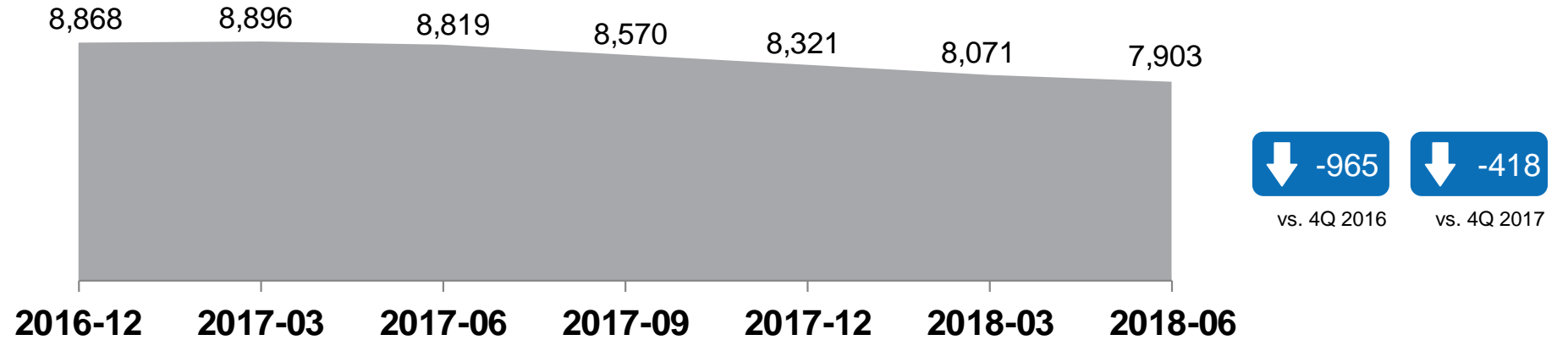
(2) Excluding non recurrent costs;

(3) Consolidated figures on comparable basis, considering BCG Espanha, BCG Brasil and CGD Investimentos CVC as a non-current asset held for sale. Mercantile Bank Holdings was already reclassified as such.

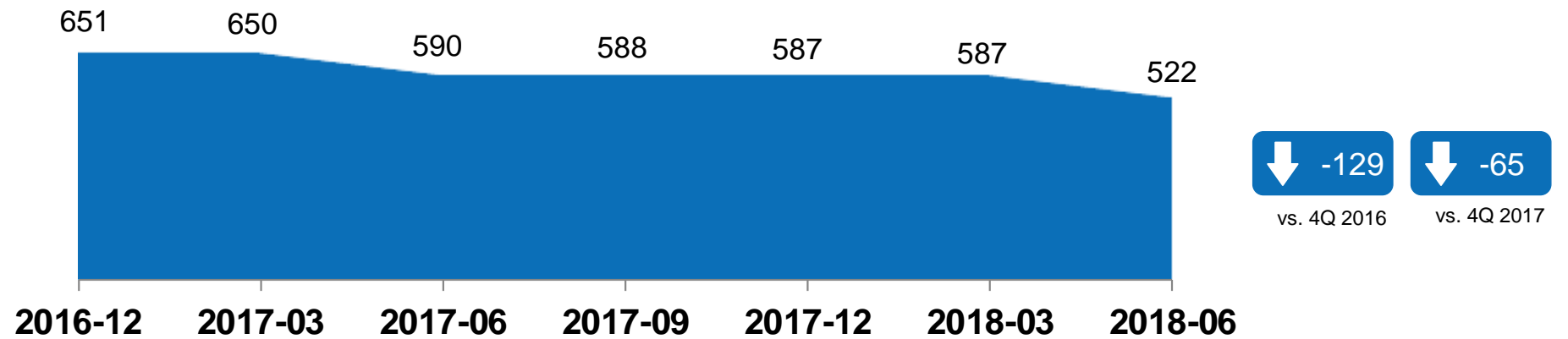
Employees and retail branches evolve according to the Strategic Plan

M€

Number of Employees
(Domestic Activity)

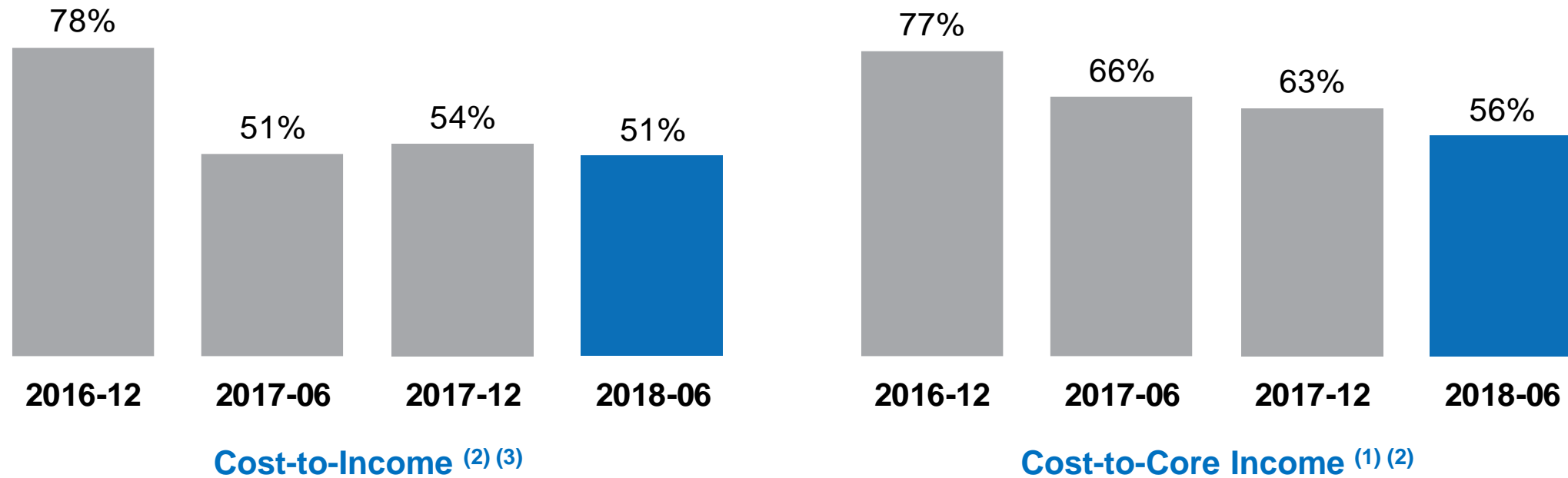


Retail Branch Network
(CGD Portugal)



Cost-to-Income continues its downwards path...

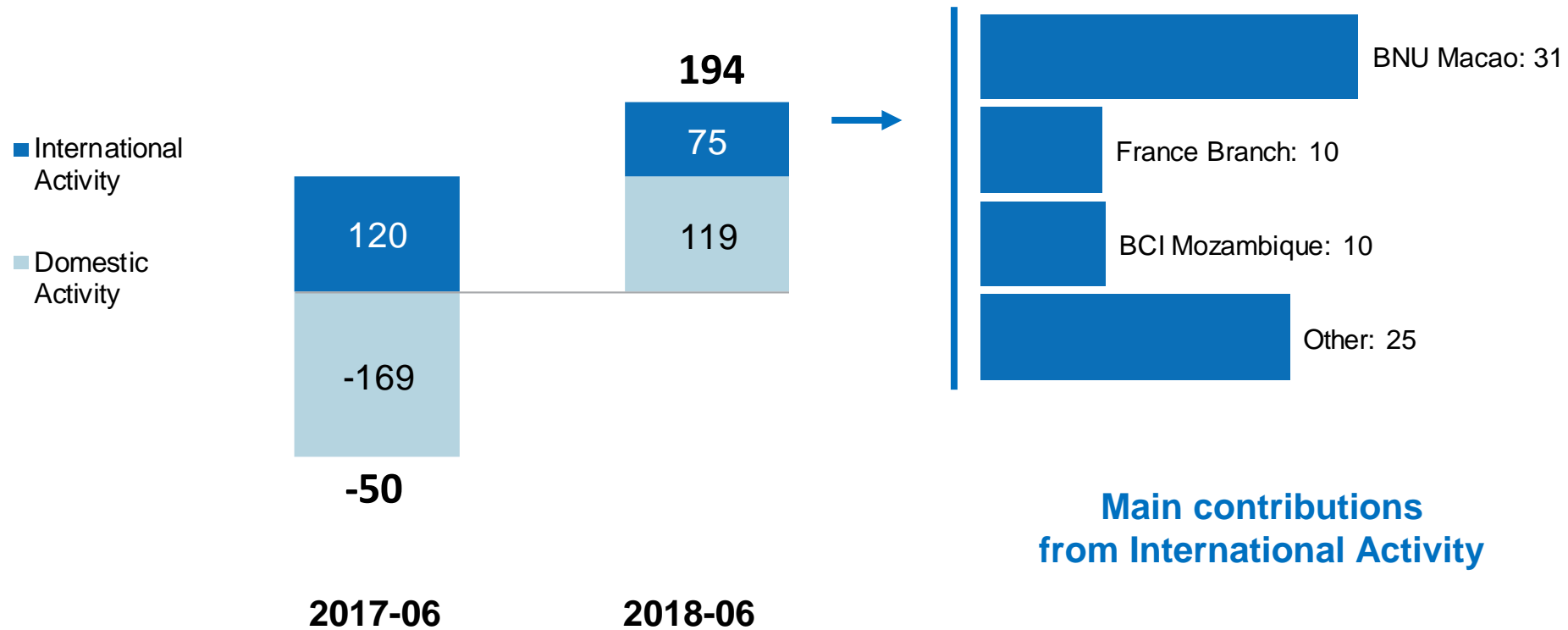
%



(1) Operating Costs / (Net Interest Income + Net Fees and Commissions); Consolidated figures on comparable basis, considering BCG Espanha, BCG Brasil and CGD Investimentos CVC as a non-current asset held for sale. Mercantile Bank Holdings was already reclassified as such;
 (2) Excluding non-recurrent costs;
 (3) Ratio defined by the Bank of Portugal Instruction 6/2018 [Operating Costs / (Total Operating Income + Income From Associated Companies)].

Contributions to Consolidated Net Income

M€



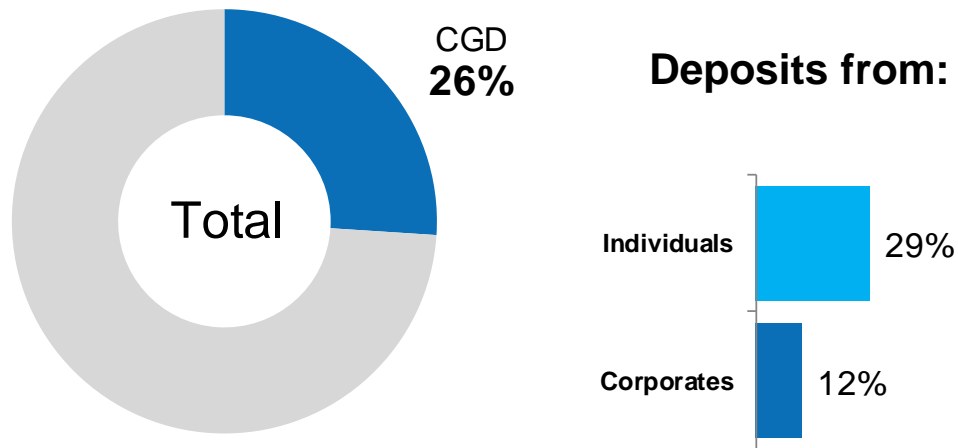
Branches wind-down: London Branch, Cayman, Macao Offshore, Zhuhai and New York.



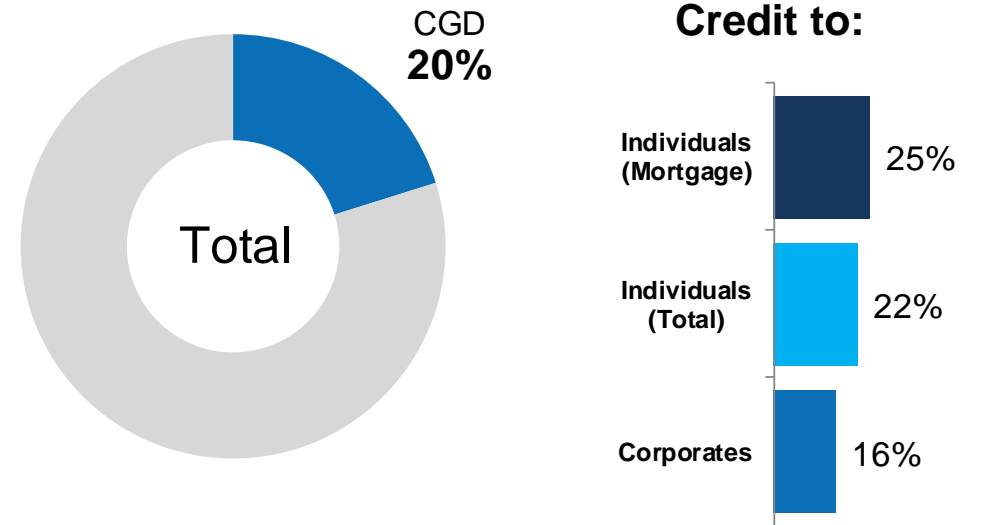
Balance Sheet

Market Shares: CGD leader in Portugal

%



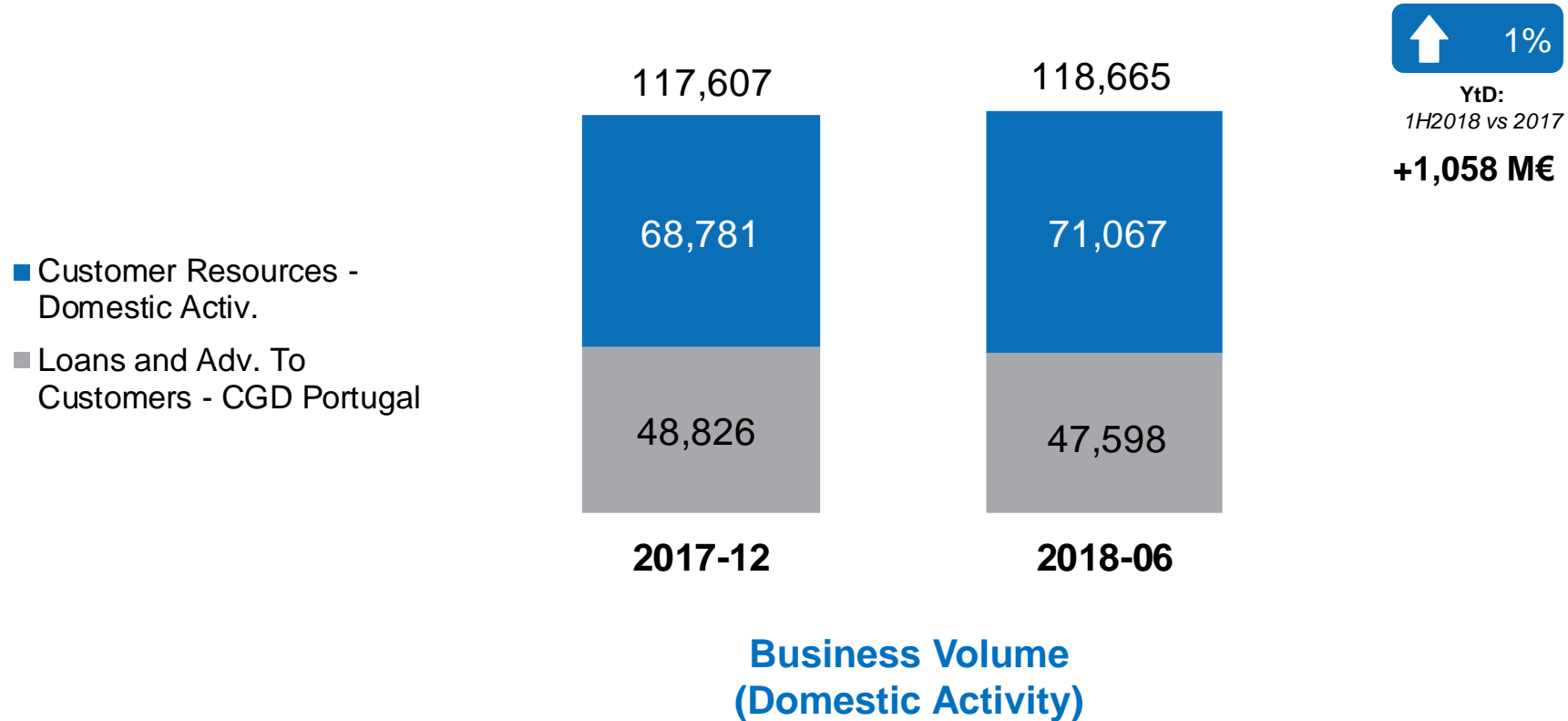
Customer Deposits – Portugal
May 2018



Loans and Adv. to Customers – Portugal
May 2018

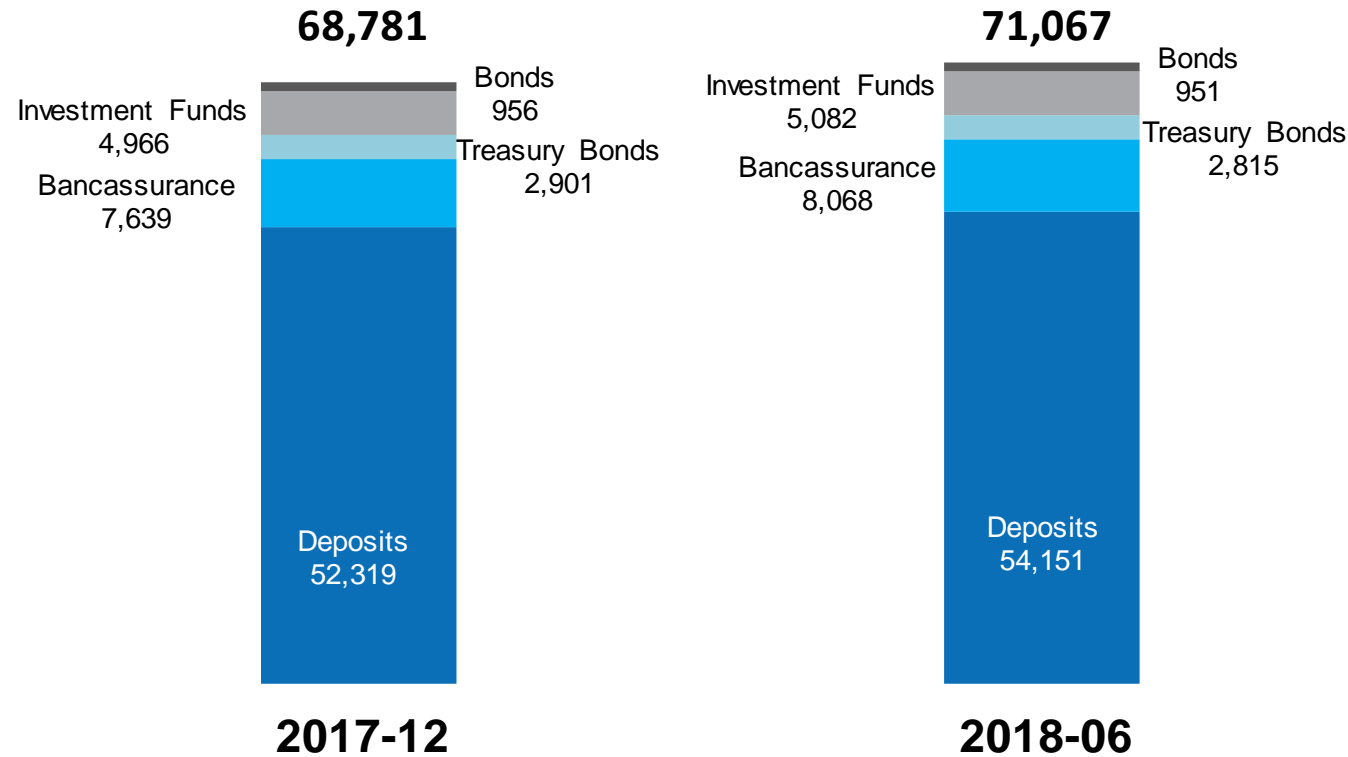
Business Volume evolves favourably

M€

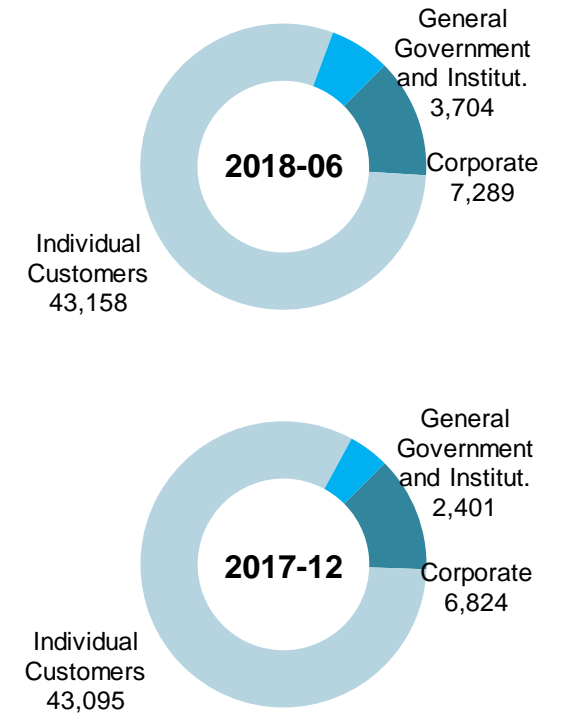


Total Customer Resources in Portugal increased...

M€



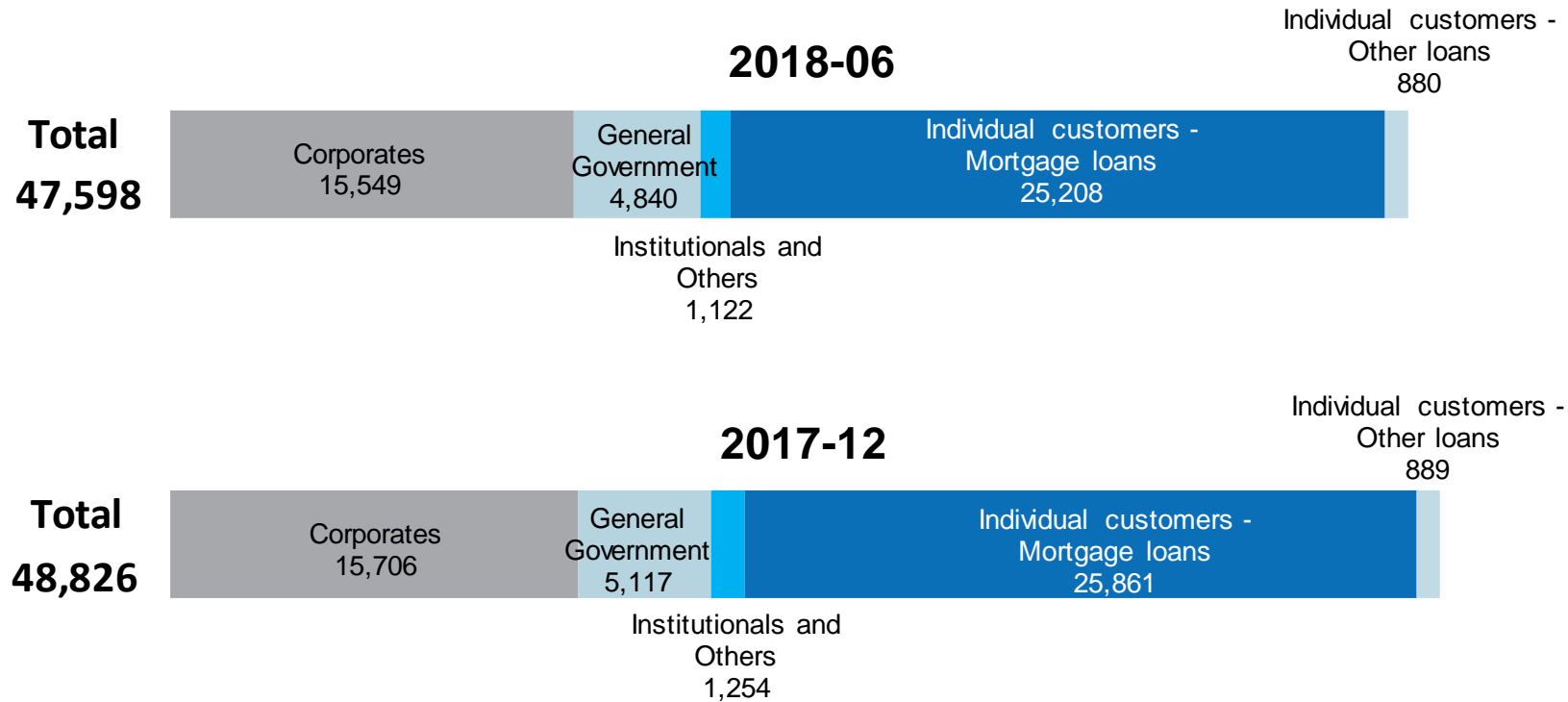
Total Customer Resources – Domestic Activity



Customer Deposits (Domestic Activity)

Credit in Portugal follows market trend and reflects NPL reduction...

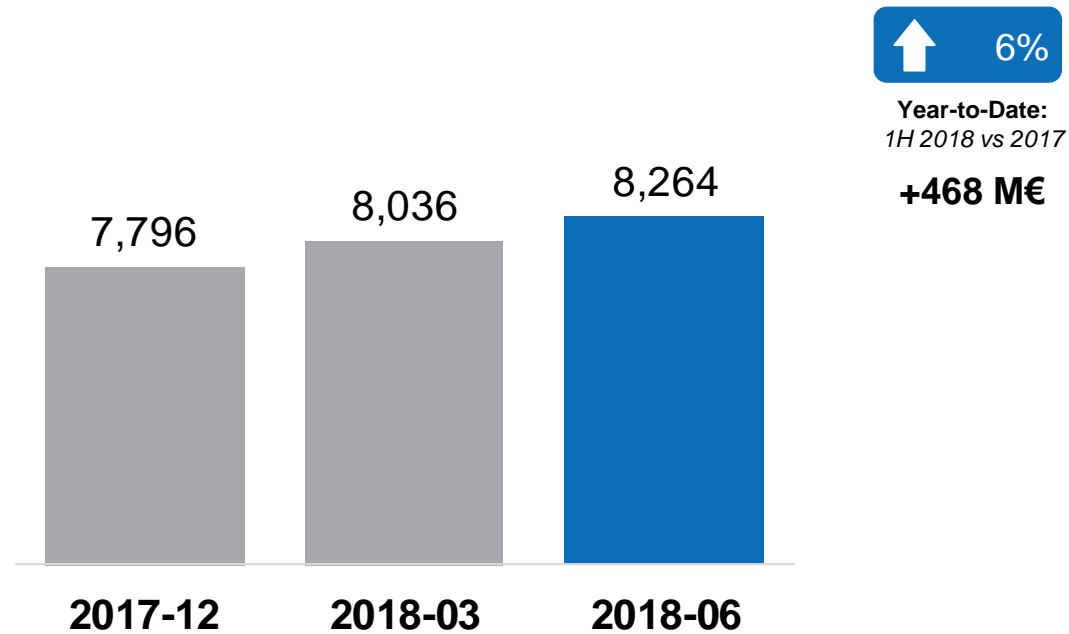
M€



Loans and Advances to Customers (Gross) - CGD Portugal

Loans to corporates in Portugal with sustainable growth in non CRE sectors...

M€



CGD Portugal
**Gross loans to corporates, excluding
construction and real estate sectors**

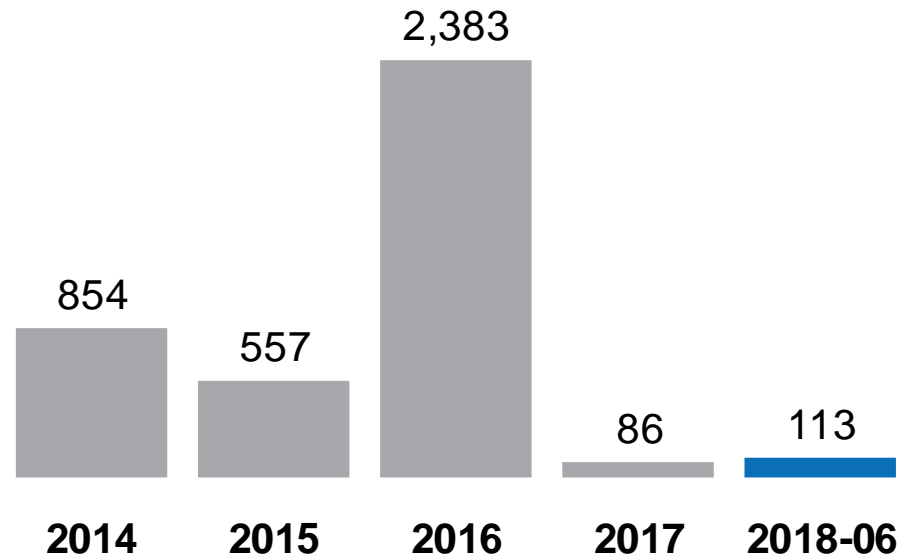


Asset Quality

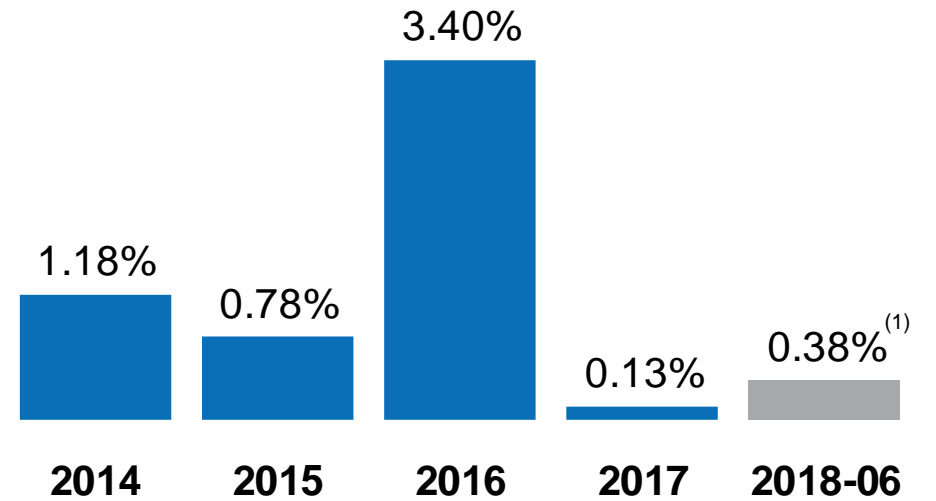
Reduced Cost of Credit Risk...

M€

%



Credit impairment net of reversals



Cost of Credit Risk

(1) Annualised figures

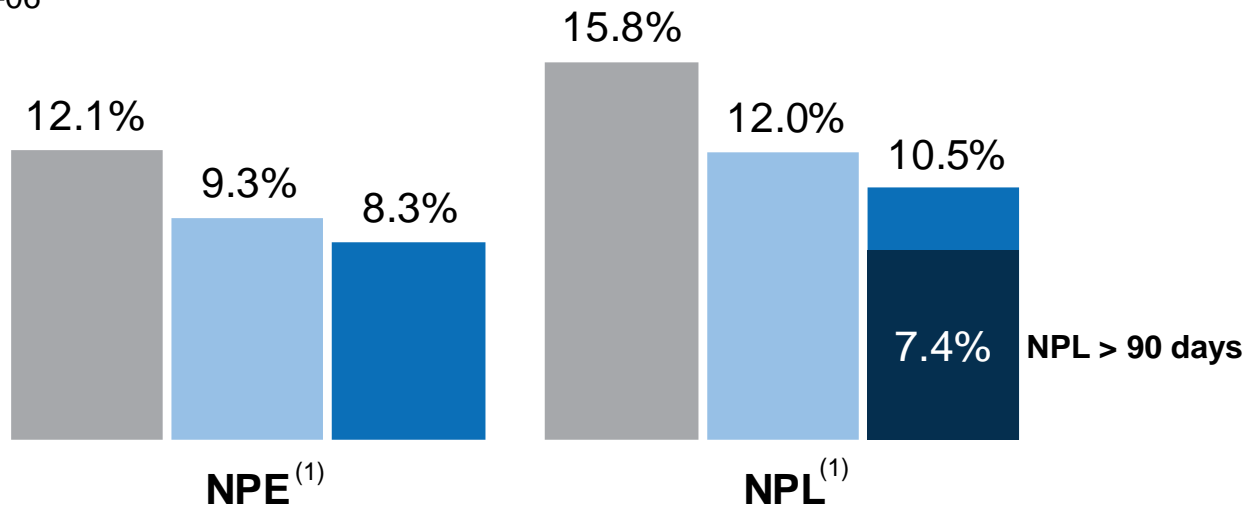
...NPE and NPL decreasing and reinforced coverage

%

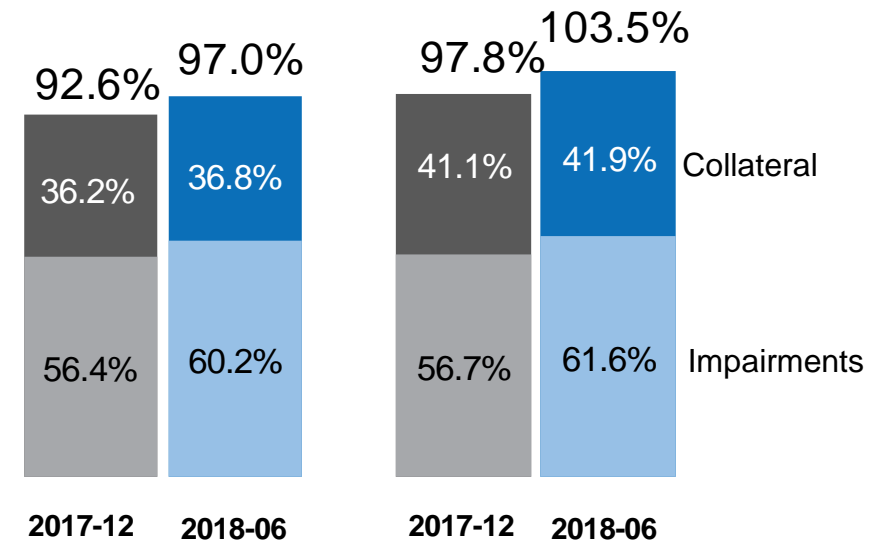
■ 2016-12

■ 2017-12

■ 2018-06



Gross Ratios

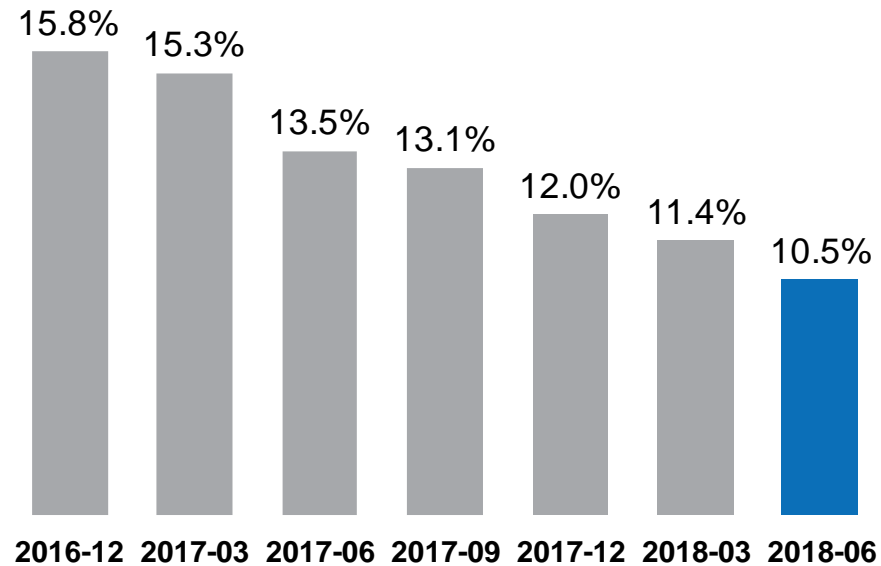


Coverage by Impairments and Collateral

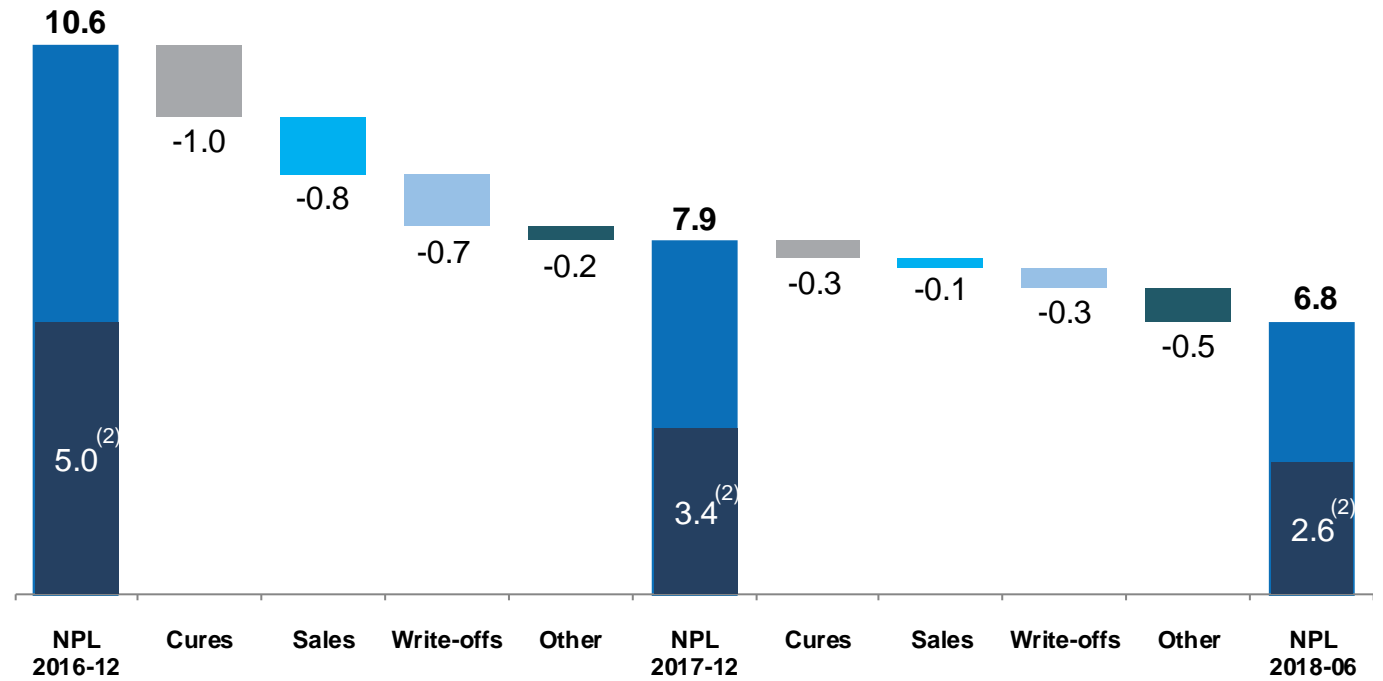
(1) NPE – Non Performing Exposure and NPL – Non Performing Loans – EBA definitions;

Strong action on NPL allows 1.1 B€ reduction in the 1st half, (3.8 B€, -36%) since December 2016...

%



B€



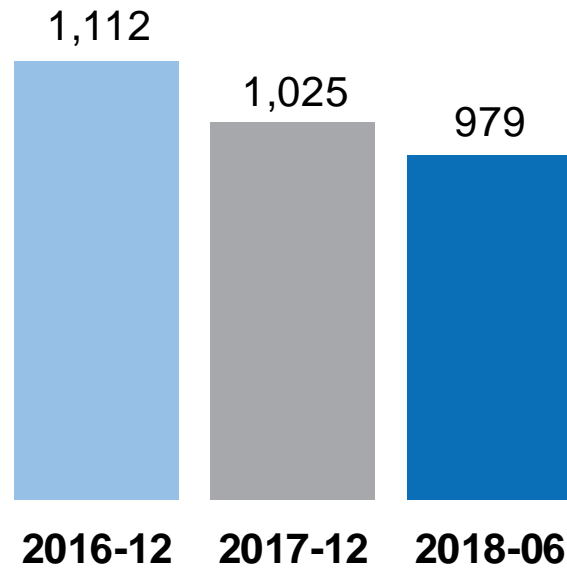
NPL evolution ⁽¹⁾

(1) NPL – Non Performing Loans – EBA definition.
 (2) NPL net of impairments.

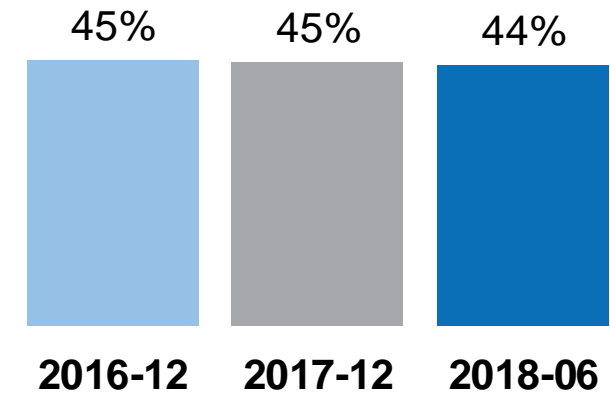
Foreclosed Assets (Real Estate)

M€

%



**Foreclosed Assets - Gross Value
(Real Estate)**



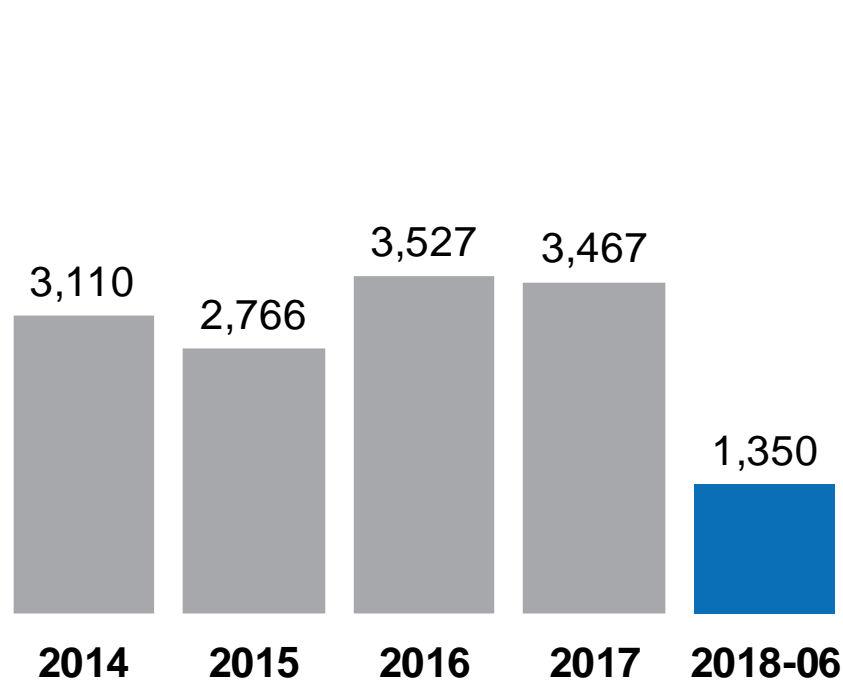
Coverage by Impairments



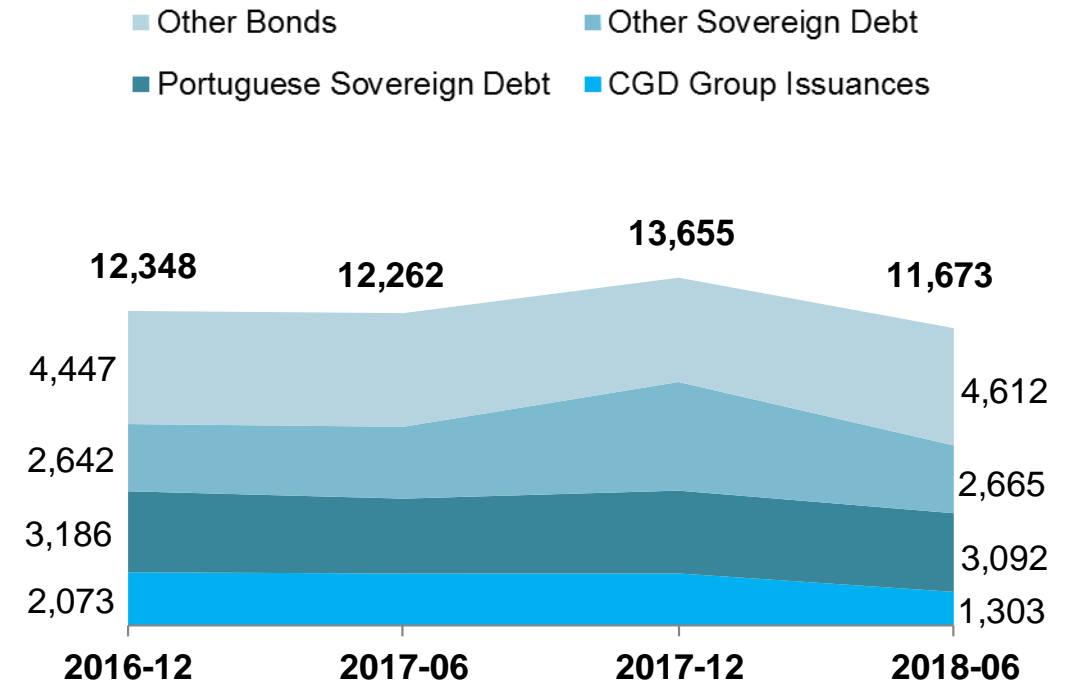
Liquidity

CGD Portugal reimburses 2,000 million euros of ECB funding...

M€



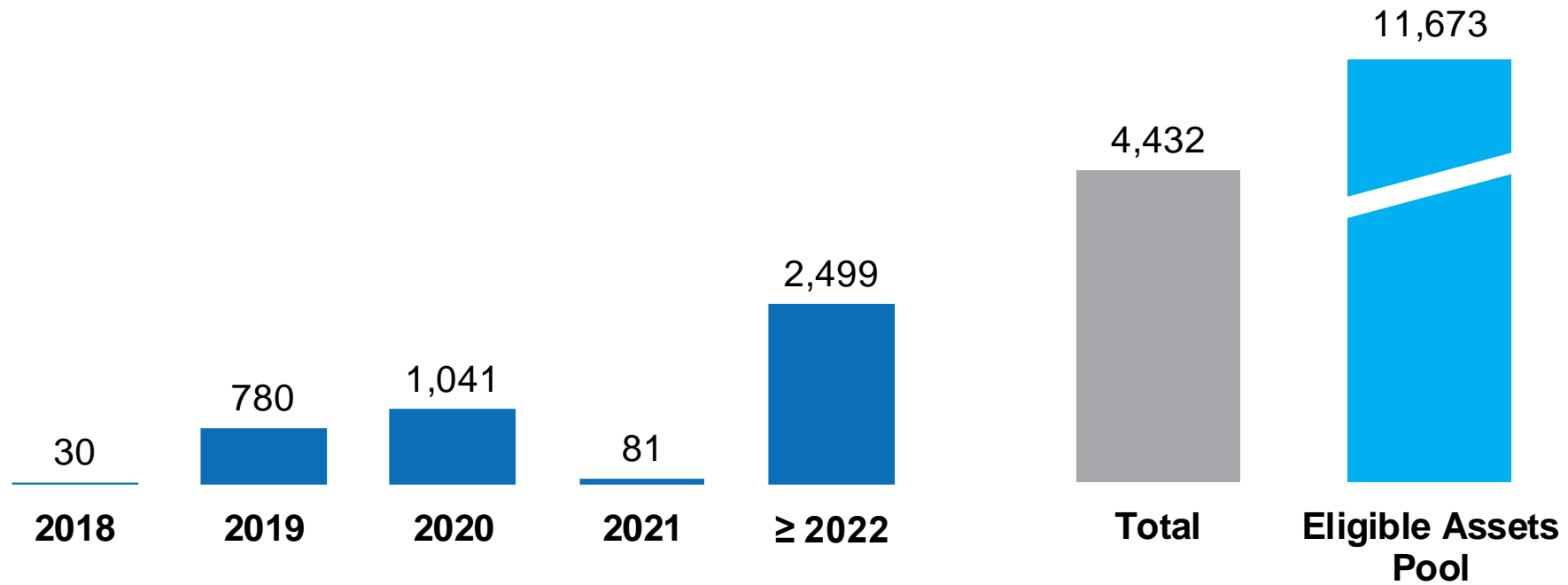
**ECB Funding
(Consolidated Activity)**



**Eligible Assets in ECB Pool
(Consolidated Activity)**

Wholesale Debt maturities fully covered

M€

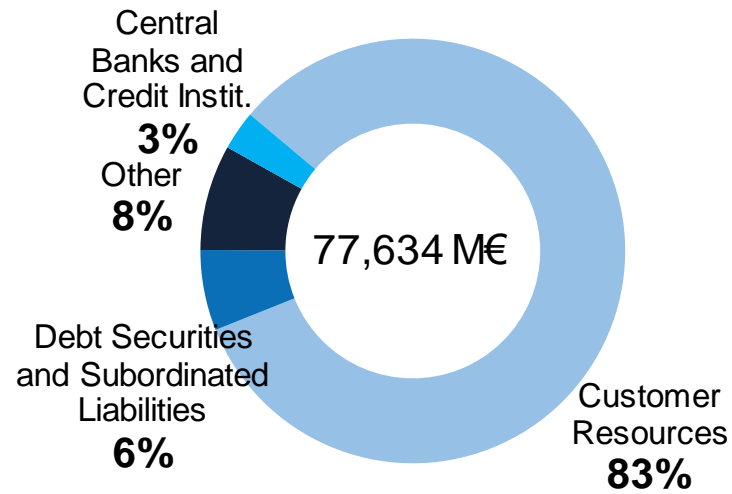


Annual maturities of Wholesale Debt

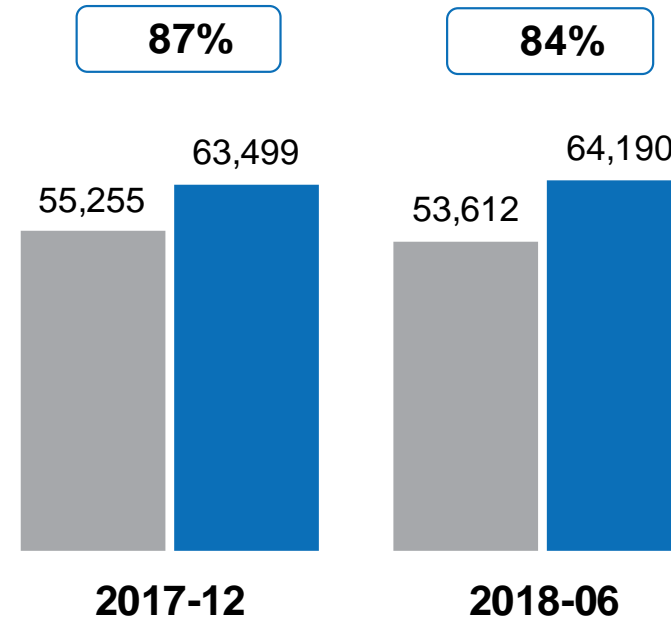
Stable funding structure based on retail funding...

%

M€



Funding Structure ⁽¹⁾



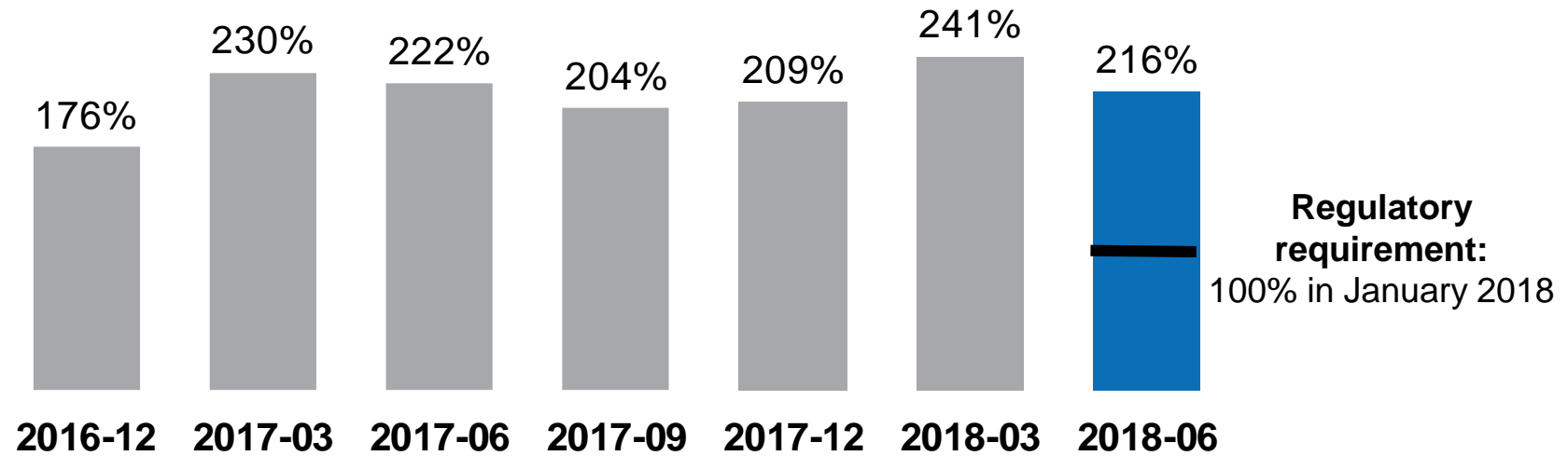
Loans-to-Deposits Ratio

■ Loans and Adv. to Customers (net)
■ Customer Deposits

(1) Excluding non-current liabilities held for sale

...with a strong liquidity position

%



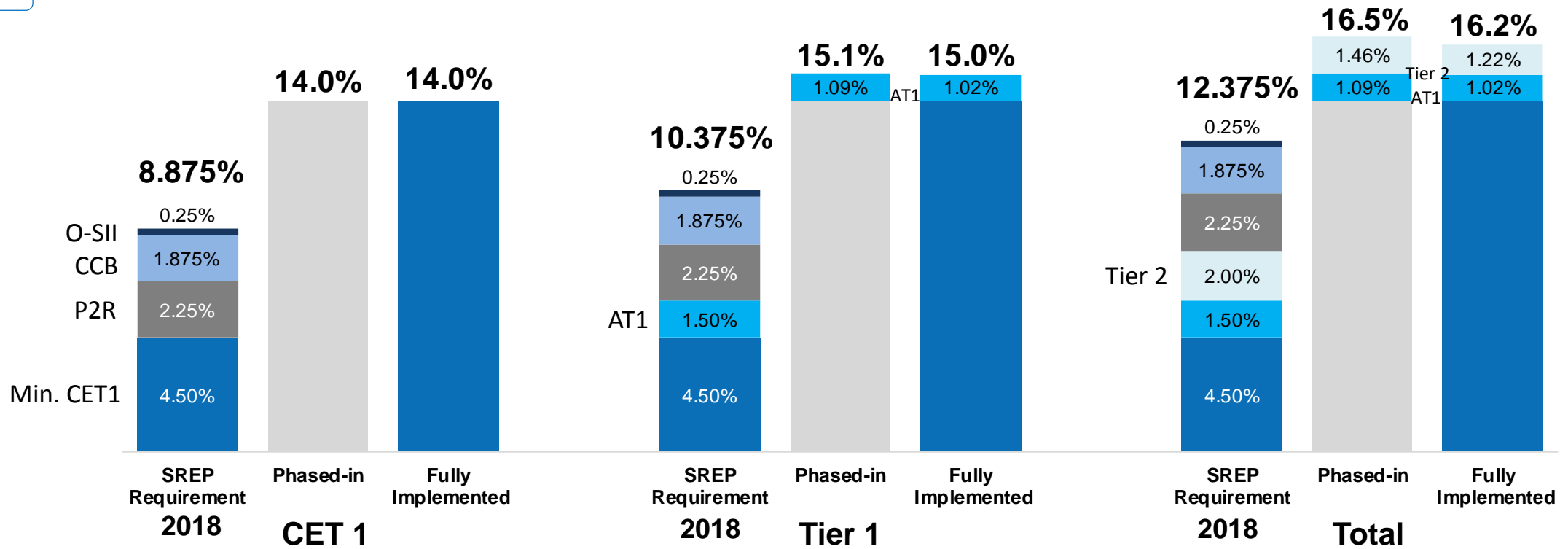
Liquidity Coverage Ratio (LCR)



Capital

CGD complies with capital requirements

%

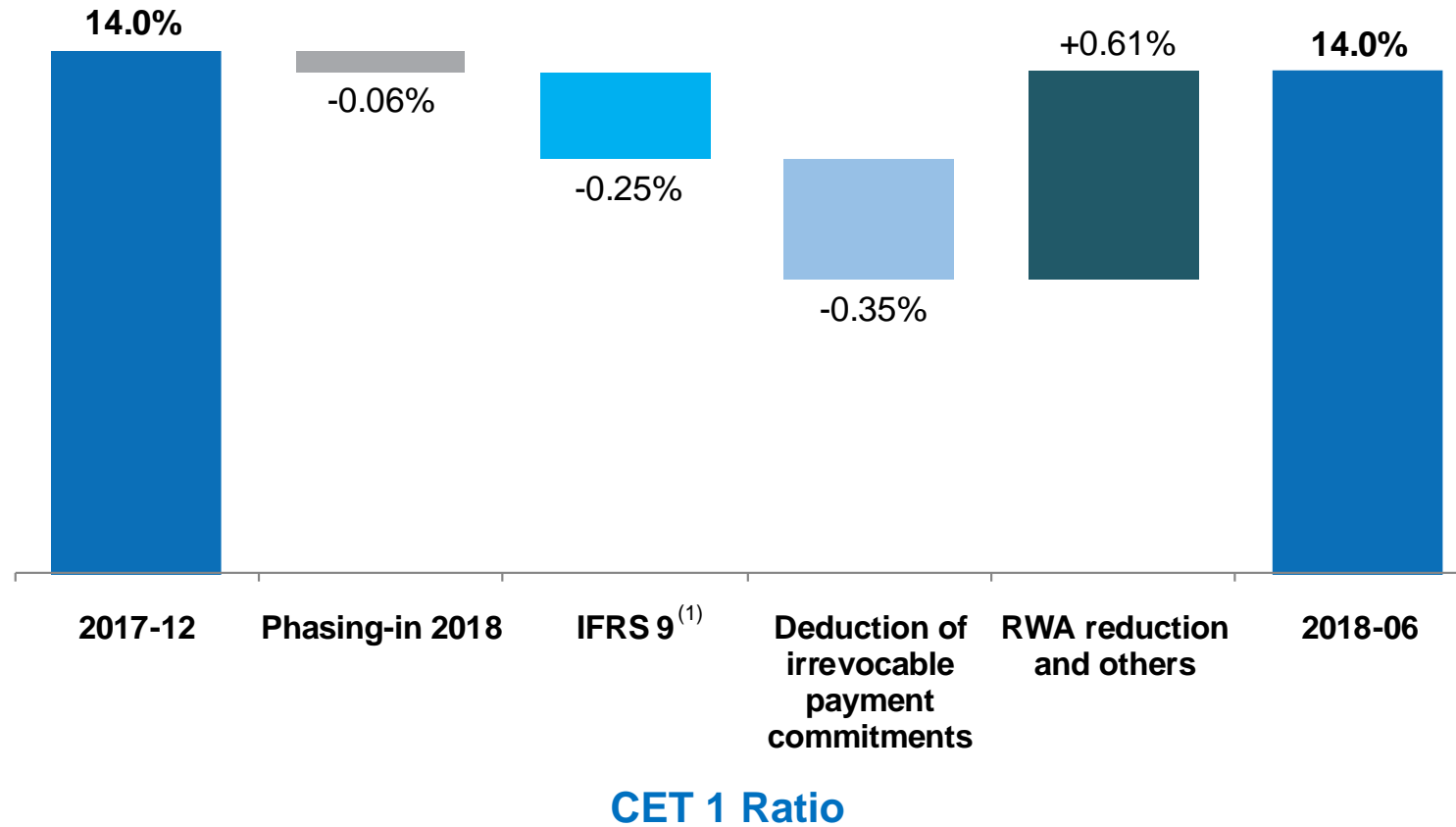


SREP 2018 Requirements and CGD Capital Ratios in 1st Half 2018

Capital ratios include, on this date, the impacts related to the effects of the implementation of IFRS 9 standard, the phasing-in of 2018 and the deduction of irrevocable commitments associated with regulatory contributions.

CET 1 Ratio: 1st Half 2018 evolution

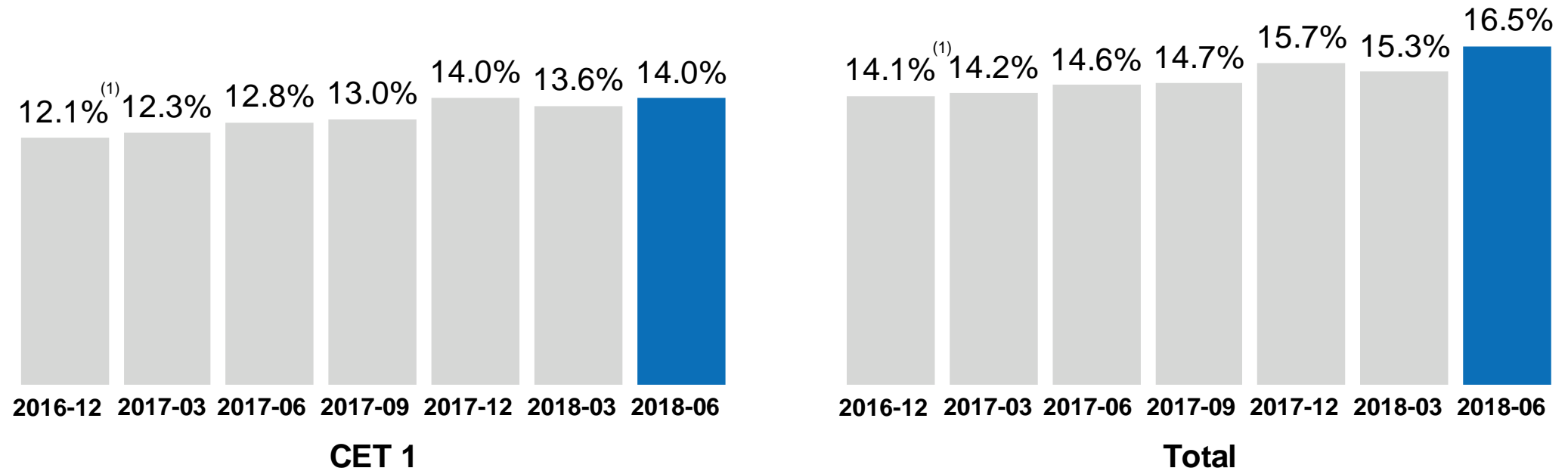
%



(1) IFRS 9 implementation without using the allowed phasing-in period.

Improvement of Capital position after the recapitalisation

%

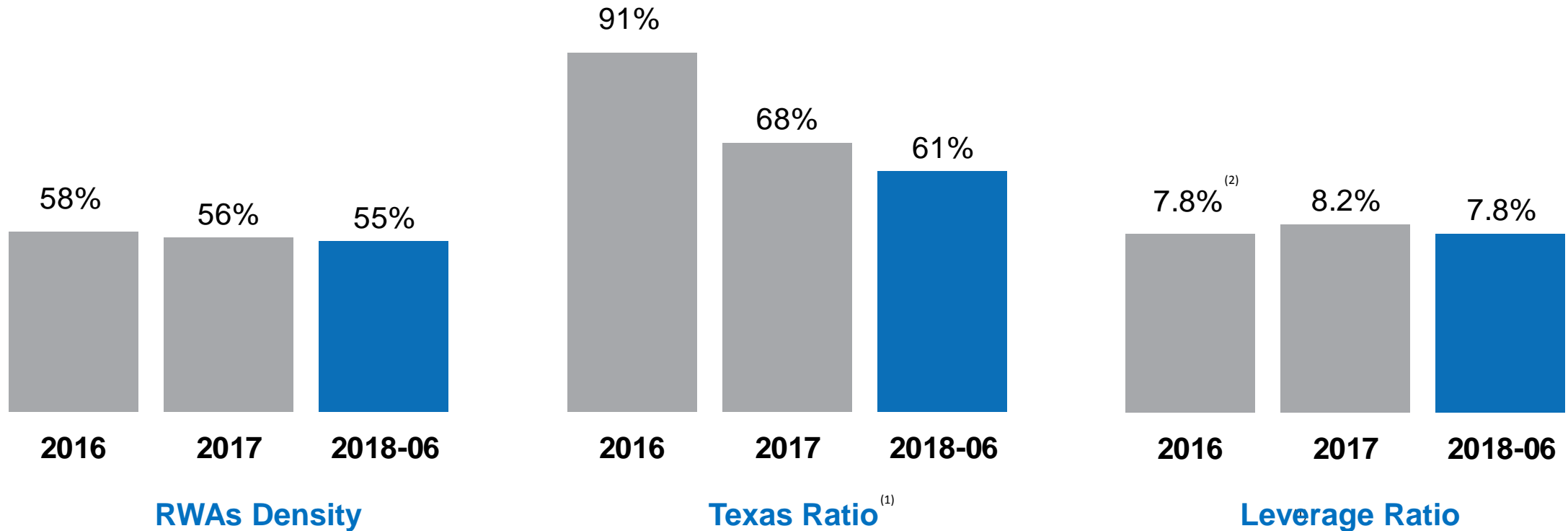


Capital Ratios Quarterly Evolution
(Phased-in)

(1) Proforma, including stages 1 and 2 of the Recapitalization Plan.

Risk Weighted Assets (RWA) density, Texas and Leverage Ratios

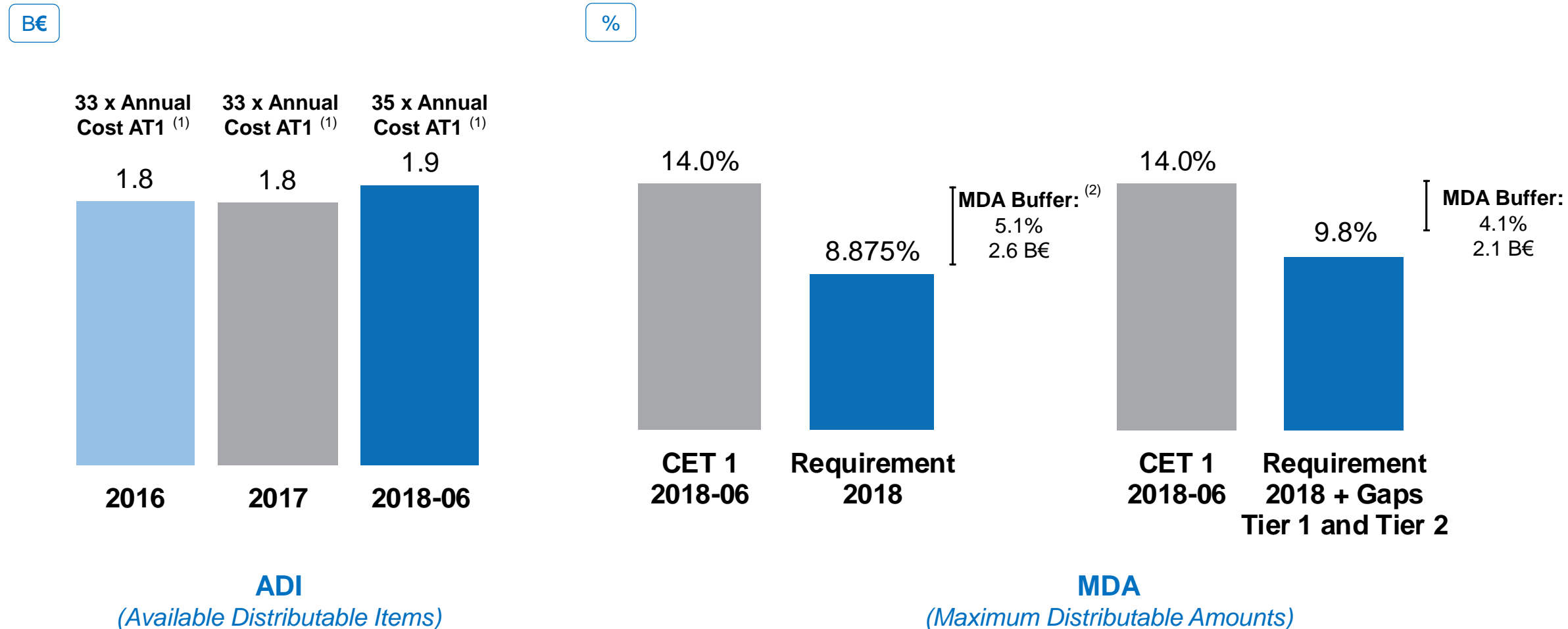
%



RWA fully implemented (2018-06): 50.3 B€

(1) Texas Ratio = Non Performing Exposure EBA / (Impairments + Tangible Equity).
 (2) Proforma, including stages 1 and 2 of the Recapitalization Plan.

Available Distributable Items (ADI) and Maximum Distributable Amount (MDA)



(1) 10.75% coupon for current 500 M€ AT1 issuance;
 (2) Considering Buffers of 1.5% in T1 and 2% in T2 fulfilled.



Highlights

1st half 2018 confirms progression on profitability and asset quality, with a sound capital position ⁽¹⁾

Business ⁽²⁾

Positive evolution of core operating income...

1H2018 vs. 1H2017:

- ✓ Net Interest Income:
 - Consolidated: -2%,
 - CGD Portugal: +6%
- ✓ Commissions: +10%;
- ✓ Core Income:
 - Consolidated: +1%,
 - CGD Portugal: +8%
- ✓ Operating Costs: -14%
- ✓ Core operating income: +30%

Asset Quality ⁽³⁾

...a structurally reduced cost of credit risk...

1H2018:

- ✓ Cost of Credit Risk: 0.38%
- ✓ NPL: 10.5% (-3.0 pp vs 1H2017)
- ✓ NPL Coverage by impairments: 61.6%

Liquidity

...taking advantage of the wide base of funding available...

- ✓ Deposits: 83% of Liabilities ⁽⁵⁾
- ✓ Pool of Collateral: 11.7 B€
- ✓ LCR: 216%
- ✓ Loans-To-Deposits: 84%

Capital ⁽³⁾

...and maintaining a strong capital position.

Capital Ratios (Phased-in),

1H2018 vs. 1H2017:

- ✓ CET1: 14.0% (+1.2 pp)
- ✓ Tier 1: 15.1% (+1.3 pp)
- ✓ Total: 16.5% (+1.9 pp)



1st Half 2018

ROE ⁽⁴⁾ = 5.7%

(1) The June 2017 values have been restated, considering BCG Espanha, BCG Brasil and CGD Investimentos CVC as a non-current asset held for sale. Mercantile Bank Holdings was already reclassified as such;

(2) Non-recurring costs of € 50.7 million in 1H2018 and € 61.0 million in 1H2017 were considered, relating to employee reduction programmes, as well as other administrative expenses;

(3) June 2018 solvency and asset quality ratios are estimated, subject to change when definitive values are determined. Solvency ratios include net income of the period;

(4) Current activity ROE = (net income + non-recurring costs + non-controlling interests) / Shareholders' equity (average of 13 monthly observations); Annualized value;

(5) Excluding non-current liabilities held for sale.



Thank You

Disclaimer

This document is intended to disclose general information, and does not constitute investment recommendation or professional guidance, nor can be interpreted as such. The values refer to 30 June 2018, except otherwise stated.

This document is an English translation of the Portuguese language document “Resultados Consolidados – 1º Semestre de 2018”. In the event of any inconsistency, the original version prevails.

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